



**To: All Members of the Policy and Resources Committee
(and any other Members who may wish to attend)**



The Protocol and Procedure for visitors attending meetings of Merseyside Fire and Rescue Authority can be found by clicking [here](#) or on the Authority's website:

<http://www.merseyfire.gov.uk> - About Us > Fire Authority.

Tel: 0151 296 4000
Extn: 4113 Kelly Kellaway

Your ref:

Our ref HP/NP

Date: 22 July 2020

Dear Sir/Madam,

You are invited to attend a meeting of the **POLICY AND RESOURCES COMMITTEE** to be held at **1.00 pm** on **THURSDAY, 30TH JULY, 2020**. This meeting will be held virtually, via Zoom.

To view the proceedings of this meeting, please click on the link below:

https://youtu.be/hQP_OgcInHo

Yours faithfully,

A handwritten signature in black ink, appearing to read 'K. Kellaway' followed by a stylized 'PP'.

Clerk to the Authority

Encl.

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MERSEYSIDE FIRE AND RESCUE AUTHORITY

POLICY AND RESOURCES COMMITTEE

30 JULY 2020

AGENDA

Members

James Roberts (Chair)
Steff O'Keeffe
Barrington
Angela Coleman
Lisa Preston
Lesley Rennie
Jean Stapleton
Andrew Makinson
Les Byrom

1. Preliminary Matters

Members are requested to consider the identification of:

- a) declarations of interest by individual Members in relation to any item of business on the Agenda
- b) any additional items of business which the Chair has determined should be considered as matters of urgency; and
- c) items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

2. Minutes of the Previous Meeting (Pages 5 - 20)

The Minutes of the previous meeting of the Policy and Resources Committee, held on 19th December 2019, are submitted for approval as a correct record and for signature by the Chair.

3. Petition

To consider a petition submitted, requesting changes to Merseyside Fire & Rescue Authority's ways of working.

4. REVENUE & CAPITAL OUTTURN 2019/20 (Pages 21 - 42)

To consider Report CFO/042/20 of the Director of Finance, concerning the Authority's year-end financial position for 2019/20.

5. Update to Delivery of Apprenticeships (Pages 43 - 52)

To consider Report CFO/040/20 of the Chief Fire Officer, concerning progress made following the approval of the development of apprenticeships as an employer provider.

6. Learning and Development Contract (Pages 53 - 56)

To consider Report CFO/043/20 of the Chief Fire Officer, concerning the extension of the current contract for the provision of specialist team building training.

If any Members have queries, comments or require additional information relating to any item on the agenda please contact Committee Services and we will endeavour to provide the information you require for the meeting. Of course this does not affect the right of any Member to raise questions in the meeting itself but it may assist Members in their consideration of an item if additional information is available.

Refreshments

Any Members attending on Authority business straight from work or for long periods of time, and require a sandwich, please contact Democratic Services, prior to your arrival, for arrangements to be made.

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE

POLICY AND RESOURCES COMMITTEE

19 DECEMBER 2019

MINUTES

Present: **Cllr James Roberts (Chair)** Councillors Angela Coleman, Lisa Preston, Lesley Rennie, Jean Stapleton, Andrew Makinson and Les Byrom

Also Present:

Apologies of absence were received from:
Steff O'Keeffe and Barrington

1. Preliminary Matters

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

Resolved that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

The Chief Fire Officer advised Members that the third and final tranche of the HMICFRS Inspections had now concluded, with all 45 FRS's now having been inspected. Members were informed that although a number of services, particularly those who participated in the pilot, fared well, Merseyside were the only FRS to achieve "outstanding" in 2 areas.

With regards to the State of the Nation's Fire & Rescue Services Report, Members were informed that this was due to have been released, however with the General Election, this has now been put back; and is expected to be circulated in January.

Members commented that this is good news for MFRA; and that the Government should now be encouraged to move to the next stage, regarding

the sharing of best practice and mentoring, to ensure that all FRS's can be brought up to the same level.

Members also commented that the outcome of the inspections highlight that the position of MFRA around maintaining wholetime firefighters, is paying dividends.

Discussion took place around publicising the outcome and highlighting MFRA's role in National Resilience. Members were advised that the focus at the moment is on the Tranche 3 report. However, the state of fire report is likely to give specific recognition to MFRA when it is issued; and as such, Members were advised that it would be more appropriate to wait until that report is issued, to publicise the outcome for MFRA.

A question was raised by Members as to the extent to which the inspections have been a benchmarking exercise. Members were advised that FRS's have not been formally inspected for a number of years; and as such, the more robust inspection regime, will enable benchmarking. Members were advised that discussion has taken place around the next round of inspections, which are likely to follow the same format; and it was noted that this will enable direct comparison and benchmarking.

Members were informed that there will be some changes however, such as services may move tranches; and for MFRA, the Service Liaison Officer will change. However for MFRA, it will very much be normal business, with the Inspectorate being encouraged to come and see what we do.

Members were also informed that we will be benchmarking against ourselves; and that in the next round of inspections, we will hopefully have moved on with improvements observed.

Discussion also took place around the potential inclusion of corporate governance in future inspections; and Members commented that this is something that the Authority would be open to.

2. Minutes of the Previous Meeting

The Minutes of the previous meeting of the Policy and Resources Committee, held on 25th July 2019, were approved as a correct record and signed accordingly by the Chair.

3. Part 2 EXEMPT minutes

The Part 2 – EXEMPT Minutes of the previous meeting of the Policy & Resources Committee held on 25th July 2019, were approved as a correct record and signed accordingly by the Chair.

4. Audit Findings Report 2018/19

Michael Green was in attendance, representing the Authority's external auditors – Grant Thornton; and presenting their Audit Findings Report for 2018/19.

Michael introduced himself and informed Members that he was a Director with Grant Thornton; and had recently been appointed as the Engagement Lead for MFRA.

Members were informed that the process was now substantially complete, with only some minor administrative work required; and that Grant Thornton are pleased to report that an unqualified audit statement has been issued.

Members were advised that the presentation of the report is much later than usual this year, due to a number of reasons. They were advised that there have been a number of additional areas of work required, for example around Pensions as a result of the McCloud case; and an issue around the valuation of land and buildings, which has led to a full re-evaluation completed in September 2019, which resulted in a material adjustment to the statement.

Members were also advised that there have been a number of other amendments made, however none which impact on the general fund, with the majority being balance sheet movements.

Members were taken through the report, with the key areas highlighted.

The areas of significant risk were highlighted to Members, which include improper revenue recognition; and management override of controls. No issues were found with either of these risks.

With regards to the risk around the valuation of land and buildings, Members were advised that there has been increasing scrutiny from regulators. They were informed that it was identified at an early stage that not all of the Authority's asset base had been valued since 2015, which could result in a material misstatement. As such, Members were advised that Officers commissioned a full re-valuation, which resulted in valuation adjustments of £17m within the financial statements; and that no further issues were identified.

In relation to the audit risk around valuation of pension fund liability, Members were informed that this is the largest figure on the balance sheet; and represents a significant estimate. Members were informed that as a result of the impact of the McCloud transitional protection pensions ruling and the current legal position, the Authority's gross pension liability has increased by £46m.

A further significant audit risk highlighted to Members, was around accounting for PFI. Members were advised that the draft financial statements did not include the required disclosure of the fair value of the PFI liability, however this has subsequently been calculated and disclosed within the revised financial statements. Members were advised that no other issues were identified.

With regards to other matters identified, Members were informed that there had been 3 adjustments. One was identified by officers during the preparation of the financial statements, regarding an error in the IAS 19 pension valuation provided to the Authority by the Local Government Pension Fund actuary. Members were informed that the other two relate to pensions, with one being in relation to a reclassification issue around the Firefighters Pension Fund account;

and the other being around how the Authority accounted for Top-Up Grant received in respect of the Firefighter Pension Scheme.

In relation to the use of the Going Concern assumption, Members were advised that auditors have not identified any issues.

The other mandatory communication requirements were highlighted to Members; and apart from written representations regarding the floor area of land and buildings and the assumptions and estimates underlying the valuation, Members were informed that there is nothing else to point out.

With regards to the auditors other responsibilities under the Code, Members were advised that there are no issues.

In relation to the Value for Money Conclusion, Members were informed that there was one significant risk identified around financial sustainability, including delivery of the reserves and estates strategies. With regards to reserves, it was highlighted to Members that the Authority have robust arrangements and healthy reserves, however these will need to be monitored as the majority of reserves are committed.

Members were advised that the report confirms the independence of Grant Thornton. It also provides further detail regarding the audit adjustments made; and information regarding the audit fee. Members were advised that the final audit fee has yet to be confirmed, but will be higher than the original proposed amount, due to additional work required.

Members Resolved that:

The content of the report, be noted.

5. STATEMENT OF ACCOUNTS 2018/19 - APPROVAL of AUDITED STATEMENTS

Members considered Report CFO/061/19 of the Treasurer, concerning the audited 2018/19 Statement of Accounts and letter of representation.

Members were informed that the Draft Statement of Accounts were presented to the Policy & Resources Committee in July, where it was resolved that:

- The unaudited Statement of Accounts be approved and authorised for issue.
- The audit opinion will follow once the updated asset valuation has been completed and shared with the external auditor.
- The Draft Letter of Representation in relation to the audited 2018/19 accounts, be noted.
- Once audit have finalised their work, it be noted that an audited Statement of Accounts and Letter of Representation, will come back to Members for approval.

Members were therefore advised that the purpose of this report, is to present the audited 2018/19 Statement of Accounts and Letter of Representation to Members for approval.

Members were informed that the previous agenda item, highlighted the findings of Grant Thornton's audit and the adjustments required to the financial statements. Members were advised that Officers had taken into account most of these adjustments in the draft financial statements presented to Members in July, with the only significant adjustment since then, being the increase in property valuations. They were advised that all of the required adjustments have now been included within the financial statements; and Grant Thornton have received the required assurance they needed to complete their audit work.

Members were advised that although the technical changes around Pensions and Property Valuations are significant in value, they do not impact on the general fund position, as they are all reversed out via contra entries within the statements. It was therefore highlighted to Members that it is important to note that these changes have not altered the 2018/19 revenue outturn position reported to Members on 25th July 2019.

Members Resolved that:

- a) The audited Statement of Accounts 2018/19, attached as Appendix A, be approved.
- b) The Letter of Representation in relation to the audited 2018/19 accounts, attached as Appendix B, be approved.

6. FINANCIAL REVIEW 2019/20 - APRIL TO SEPTEMBER

Members considered Report CFO/056/19 of the Treasurer, concerning a review of the financial position, revenue and capital, for the Authority for 2019/20. The Authority receives regular comprehensive financial reviews during the year, which provide a full health check on the Authority's finances. This report covers the period April to September 2019.

Members were advised that the purpose of the report is to provide Members with assurance that the approved budget remains robust and that the capital forecast of expenditure can be contained within the available resources.

Members were informed that the report can be split into 4 areas: Revenue, Capital, Reserves; and Treasury Management.

With regards to the revenue position, Members were advised that the net budget requirement of £60.282m, remains consistent with the original budget. They were informed that Paragraph 14 of the report, summarises the latest forecast revenue position; and after reviewing income and expenditure, Officers have identified the following savings:

- £250k savings off the firefighter employee budget, as a result of retirement numbers being slightly ahead of the expected forecast.
- £200k savings off the non-firefighter employee budget, as a result of staff vacancies arising from staff turnover in the year.
- £103k savings off the Local Government Pension Scheme (LGPS) pension budget, as a result of an advanced payment discount from paying 3 years of the outstanding deficit upfront.
- £100k savings off the non-employee budget, identified on the supplies and services budget, as a result of the savings on professional fees.

Members were advised that as a result of the one-off savings, the report has identified a total saving of £653k; which it is proposed to utilise, to fund an increase in the minimum revenue position, in order to free up future debt servicing revenue budget.

In relation to capital, Members were informed that the capital programme has been updated for £718k scheme additions, which are summarised at paragraph 18 of the report.

Members were advised that these include:

- £470k increase in St. Helens Fire Station build costs, in order to future proof the station.
- £170k increase in fire appliance costs, due to the expectation that the unit price of fire appliances will increase in the future, requiring additional funding in order to maintain the capital programme of purchasing 12 fire appliances over the next 5 years.
- £78k increase in scheme funded by revenue, which include energy conservation and ICT.

Members were advised that following the successful sale of Upton and West Kirby Fire Stations, the actual level of receipts to that assumed, has resulted in an additional £1.750m, which will be used to reduce the level of borrowing. They were also informed that the report also includes a small amount of re-phasing having a net impact in this year's budget of £37.8k.

With regards to reserves, Members were informed that there are two reasons for changes in the reserves in Quarter 2. One is a result of the movement on reserves within the period; and the other is as a result of re-alignment of reserves by the CFO and Director of Finance.

Members were informed that the movement of reserves of £1.426m is summarised as follows:

- £1m – Merseyside Pension Fund has provisionally announced that due to an increase in value of the funds' assets, our outstanding LGPS deficit has been resolved without the need to use reserves, but in order to achieve the £1m planned investment in frontline services, we will still need to pay other debt off early. Therefore, £1m of the £6m earmarked

towards paying off the LGPS historic deficit, has been used to repay £1m debt.

- £300k – The Community Safety and Protection Committee approved a further £300k drawdown from the capital reserve in September to fund a planned increase in spend on the new St. Helens Fire Station.
- £126k – Drawdown is to fund specific projects such as energy conservation and Princes Trust.

Members were advised that the re-alignment of reserves is summarised within the report.

With regards to new potential risks and one off funding requirements identified by Officers since the last financial review report, Members were advised that as stated, the CFO and Director of Finance have reviewed the existing reserves to consider how to mitigate these risks over the short term.

- £350k will be used to increase the Clothing Reserve to £592k, to fund the initial issue of firefighter kit, following the move from a pooled kit issue to an individual kit issue.
- £1.55m will be utilised to increase the smoothing reserve, due to a number of potential risks around the government funding of pensions. One is the significant increase in employer's pension contributions following the 2016 Firefighter Pension Scheme (FPS) actuarial review, which increased employer's pension contributions by approximately 15%. The government currently gives the Authority a grant of just over £3m in support of this and they have yet to confirm if this will be made permanent.

Members were advised that the other potential risk is around the remedy in relation to the McCloud case, which depending on the numbers involved, the annual cost of firefighters reverting back to the FPS 1992 Scheme, may be in the order of hundreds of thousands of pounds. Therefore, Members were advised that it is the recommendation of Officers that the smoothing reserve be increased by £1.55m to £2m, in order to give the Authority the time to determine any longer terms financial costs associated with these issues.

- £1m increase in the General Revenue Reserve. Currently, the Authority has a general reserve of £2m; and Officers are recommending to increase this by £1m to £3m. This equates to 5% of the forecast Net Operating Expenditure, and as a general rule, this is deemed to be the appropriate level. Members were informed that the Authority has managed with a general reserve of £2m in the past, as it felt this was adequate given the level of specific reserves it held and the degree of certainty it had over medium term financial settlements. However, the level of specific reserves has reduced significantly and significant uncertainty exists over future government settlements. As such, the CFO and Director of Finance believe it is prudent to increase the General Revenue Reserve to £3m.

- Increase in the capital reserve of £2.1m - The Authority is currently planning to refurbish the Training and Development Academy (TDA), at an estimated cost of £5m. One of the alternative options to refurbishing the TDA, is to rebuild on a bigger site and include the rebuild as part of a future fire station review. It is likely alternative options will require additional funding and therefore, any of the £6m LGPS deficit repayment reserve not required, should be committed to fund any alternative TDA scheme, should that be something that Members support when the future proposals come back to Members for consideration.

With regards to Treasury Management, Members were advised that the Authority continues to buy in Treasury Management services from Liverpool City Council.

Some key details were highlighted to Members, including:

- Bank of England base rate remains at 0.75%.
- Treasury has increased the lending limit of the Public Works Loans Board (PWLb) from £85bn to £95bn, at the same time the borrowing cost of newly arranged loans from PWLB increased by 1%. The policy change will have no immediate impact on MFRA, as the current expectation is that no new borrowing will need to happen for a number of years, in which time the policy and market could change.
- The Authority had investments of £43.8m as at 30th September 2019, which included a £30.1m firefighter pension grant. Members were informed that an analysis of investments can be found within the report.
- The Authority had outstanding debt of £37.3m. No new loans have been taken out over the period and current market conditions continue to be unfavourable for any debt rescheduling.

Comments were made by Members with regards to reserves; and highlighting to ministers the difference between general reserves and earmarked reserves to be used to fund specific projects. It was noted that using capital to fund revenue is not sustainable; and to not do so, is standard accounting practice. As such, Members commented that HMICFRS have been asked to re-confirm this point; and it was hoped that they would do so.

Members Resolved that:

- a) An increase in the Minimum Revenue Provision (MRP) payment of £0.653m funded from the forecast revenue savings identified within the report, be approved.
- b) The proposed revenue and capital budget changes outlined in the report, be approved.
- c) The realignment of reserves as outlined in the report, including the increase in the General Reserve from £2m to £3m, be approved.

- d) The Director of Finance be instructed to continue to work with budget managers to maximise savings in 2019/20.

7. Treasury Management Interim Report 2019/20

Members considered Report CFO/057/19 of the Treasurer, concerning the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Codes requires the Authority to review its Treasury Management activities during the year to ensure they are consistent with its approved Prudential Indicators. This report meets that requirement and outlines the Treasury Management activities and performance for the first half of the financial year 2019/20.

Members were informed that the report provides a summary on the key points of performance so far, which include:

- No new borrowing.
- Debt of £265k has been repaid with no further debt due to be repaid this year.
- The Authority had investments of £43.8m.
- The Bank of England base rate remained at 0.75%.
- PWLB rates fell during the first half of the year by 0.57%, however on the 9th October 2019, the cost of new loans increased by 1%.

Members were informed that Treasury Management activity for 2019/20, has been carried out in compliance with the relevant codes and statutes; and within the borrowing and treasury management limits approved by the Authority, as part of the budget setting process in February 2019.

Questions were raised by Members regarding the impact that the change in PWLB rates has had on the Treasury Management strategy. Members were informed that Officers will monitor market conditions and consider when the most appropriate time will be for borrowing.

A further question was raised by regarding investing with other local authorities and whether this is something we have done previously. It was confirmed to Members that it is something that we have done previously and something which is contained within the Treasury Management Strategy.

Members Resolved that:

The content of the report, be noted.

8. POST BONFIRE STRATEGY 2019

Members considered Report CFO/063/19 of the Chief Fire Officer, concerning the outcomes of the 2019 Bonfire Period.

Members were provided with a presentation in support of this report, by Group Manager Ben Ryder, which highlighted the 2019 Bonfire Period outcomes and performance; and how those outcomes were achieved by staff.

Members were provided with an overview of the Arson Reduction Strategy 2017-20, devised due to the prevalence of arson, high deprivation; and high levels of serious and organised crime. Members were informed that a focus of the Strategy is around working with Merseyside Police and other partners; and that during the Bonfire Period, MFRS don't do anything different, we simply increase our level of activity.

The presentation highlighted to Members that during the 2019 Bonfire Period, there was a 33.61% reduction in the number of ASB fires. They were advised that there was 7 violence at work incidents during the period, which represents a reduction on the previous year, although a number of those incidents involved significant damage. Members were informed that there was 47.5 tonnes of bonfire material removed across Merseyside over the period; and a total of 105 target hardening visits undertaken to support some of the most vulnerable individuals within our communities. With regards to firework incidents, Members were informed that there was a total of 16 reported, however the severity of some of those incidents was high, resulting in life changing injuries. Members were advised that this issue will be considered further for next year.

The presentation went on to provide Members with some contextual figures regarding deliberate secondary fires during Bonfire periods, over the past 10 years. Members were advised that with the exception of 2013, 2019 has seen the lowest number of such incidents, with a total of 243 recorded. They were advised that the low number of incidents recording during 2013, was a result of the conscious decision to stack calls, due to the reduction in the number of appliances during that year.

With regards to how the performance was achieved, Member were informed that a funded social media campaign was ran over this year's Bonfire Period, which reached approximately 700,000 people. It was noted that this level of contact could not be achieved through staff on the ground alone; and that the use of social media to promote safety messages, will be a useful form of engagement moving forward.

The presentation provided Members with an overview of performance for each local authority area.

With regards to the Knowsley District, Members were advised that there was a good reduction in incidents during the Bonfire Period, on the previous year. They were informed that the Knowsley Street Intervention Team was deployed into high demand areas; and a new Crime and Communities Team was established within the District, with significant funding provided to tackle anti-social behaviour (ASB). Members were also advised that although MFRS do not have certain powers to have an impact on ASB, through working closely with partners who do have the

necessary powers, dispersal zones were enforced within Whiston and Prescot; and 2 youths identified as setting deliberate fires within hotspot areas, were issued with ABC's (Acceptable Behaviour Contracts).

With regards to the Liverpool District, Members were informed that a significant reduction in incidents (28.4%) was observed this year. Members were advised that the Liverpool Street Intervention Team was deployed into high demand areas; and that £3,500 of funding was provided by Liverpool City Safe, which was utilised to run the social media campaign. They were also informed that Liverpool City Council dedicated to assisting with the removal of bonfire material, the large scale – River of Light event took place; and a total of 22 ABC's were issued.

Members were informed that the best performance in terms of reduction in incidents (66.1%), was observed within the Sefton District. They were advised that within the District, the Street Intervention Team was again deployed into high demand areas; and environmental issues are high on the agenda. Members were advised that a large scale fireworks display took place on Bonfire night, dispersal zones were put in place within a number of areas; and correspondence was sent to an individual known for fire setting, to advise them that they would be watched during the period.

In relation to the St. Helens District, Members were informed that it was the only District to see an increase in incidents (20.7%) on the previous year's figures. Members were advised that there is no Community Safety Partnership within the St. Helens District, which makes it more difficult for MFRS to engage with statutory partners. Members were also informed that there was an increase in the number of incidents within the town centre area of St. Helens; and that the incident hotspots for 2019, were different to the hotspots for previous years. However, Members were advised that there was some good work within the District, such as the "Sparks in the Park" event, held on Bonfire night.

Cllr Preston commented that she would raise the issue around Community Safety Partnership, within St. Helens Council; and the Chief Fire Officer also confirmed that he would be discussing the matter with the Chief Executive of St. Helens Council, commenting that agencies become more effective when they work together.

With regards to the Wirral District, Members were informed that there was a significant reduction in the number of incidents (52.4%). They were advised that 21 tonnes of bonfire material was removed during the period; and were informed of the involvement of the Probations Services Community Payback Team. Members were also informed that the Environment is also high on the agenda for Wirral Council; and that planning meetings within Wirral are jointly chaired by MFRS and Merseyside Police.

The presentation highlighted to Members that deliberate secondary fires predominantly occur in high demand areas – areas which also have high levels of deprivation, lower life expectancy; and are also priority areas for our partners.

Members were informed that our staff on the ground are actively targeting these areas with HFSC's and target hardening initiatives, to help build relationships and community cohesion; and start to have a preventative impact.

However, Members were also advised that one area MFRS have not been cognisant of up to now, is around the environment, which is becoming a high priority for the local authorities. It was highlighted to Members, that areas with the lowest levels of recycling, tend to be the worst areas for deliberate secondary fires; and as such, a behavioural change around recycling is required and needs to be considered at a policy level, which is something that MFRS need to consider how they can engage with moving forward.

Members were advised that the Chief Fire Officer is the National Fire Chief's Council (NFCC) Lead for Children and Young People; and although youth engagement activity is not statutory for fire and rescue services, the impact that it can have on the community is massive. They were informed that the value of youth engagement is more its social value in terms of outcomes for the community, rather than financial value.

Members were advised that during the Bonfire Period this year, Princes Trust students assisted with the staffing of tipper trucks, which saved MFRA almost £4k in staff costs.

In terms of further improvements moving forward, Members were advised of some ideas and comments raised during the Bonfire de-brief. They were informed of plans to engage better with the British Transport Police, with regards to individuals travelling and being involved in ASB; and to have separate tipper trucks for Knowsley and St. Helens. Members were also advised that there will be an increase in social media messaging around the risk of injury from firework misuse; and wider use of other social media platforms such as Instagram and the new MFRS Website, to try to engage as widely as possible. A further area that will be progressed, is the development of a new educational video, which will be co-produced with partners.

Members were informed that since the Arson Strategy was launched in 2017, it has had a significant impact on the number of deliberate secondary fires, which is the largest incident type. It was highlighted to Members that the substantial reduction in this type of incident, has enabled a significant amount of time to be put back into the system, which can be used for positive preventative work.

Members were informed that for the current financial year, the number of deliberate secondary fires is over 1000 below the target figure.

Members were provided with a breakdown of the approximate time and resources required to attend an average deliberate secondary fire; and were informed that on average, this equates to approximately 1 hour and 26 minutes per incidents. It was therefore highlighted that a reduction of over 1000 deliberate secondary fires, enables a significant amount of time to be put back into the system for positive activity, in addition to a reduced impact on operational response times.

Members were also informed of the positive impact that the reduction in deliberate secondary fires has on the community. The economic impact of fire

was highlighted to Members, with it estimated that on average, the economic cost of each deliberate secondary fire is around £3,009. Therefore, a reduction of 1,185 such incidents, equates to an economic saving of over £3.5m. It was therefore highlighted to Members that the social value of MFRA prevention work is massive and should be noted.

The presentation went on to inform Members that a public health approach is now being taken towards reducing serious and organised crime across Merseyside, predicated on the “4 P’s” approach – Prepare, Prevent, Pursue, Protect. Members were informed that the aim is to create a behavioural change within communities, through the development of Place Based Plans within local authority areas, utilising a whole systems approach. Members were informed that through implementation of the strategy, MFRS are able to have different conversations with residents through regular arson campaigns in high demand areas; and to forge different relationships through our youth engagement provision, which have resulted in a change in behaviour of residents within our communities. As a result, MFRA are a key stakeholder in the development of those Place Based Plans.

Members were also informed of the introduction of a Violence Reduction Unit within Merseyside, with MFRA staff now embedded within that unit; and the 100 day Nesta Challenge, which is trialling different ways of working. Members were advised that these are 2 areas in which MFRA staff are involved in driving positive outcomes for communities.

With regards to the impact of the Arson Reduction Strategy, Members were advised that there have been year on year reductions in the number of deliberate secondary fires, whilst continuing to successfully deliver every other area of preventative work.

Members thanked GM Ryder for a very informative and positive presentation.

The Chief Fire Officer also informed Members that the activity highlighted within the presentation, is the reason we achieved an “outstanding” in the recent HMICFRS Inspection in relation to preventing fires and other risks, which recognises our investment in people. They were also informed that although the economic cost of fire can be quantified, the significant impact on the community cannot. It was also noted that we are the only FRA in the UK delivering targeted interventions in the way that MFRA are.

Members Resolved that:

The reduction and organisational gains outlined in the presentation, be noted.

9. STATEMENT OF ASSURANCE 2019-20

Members considered Report CFO/058/19 of the Chief Fire Officer, concerning the Authority’s Statement of Assurance 2018/19, for publication on the Authority’s website.

Members were informed that the Authority's Statement of Assurance is a backwards looking document covering the financial year 2018/19; and that the Authority is required to produce the document each year.

Members Resolved that:

- a) The information contained within the report, be noted.
- b) The Authority's Draft Statement of Assurance 2018/19, be approved.
- c) The Statement of Assurance 2018/19, be signed by the Chair of Merseyside Fire and Rescue Authority and the Chief Fire Officer.

10. CORPORATE RISK REGISTER 2019-20 APR-SEPT UPDATE

Members considered Report CFO/059/19 of the Chief Fire Officer, concerning the current risks within the Corporate Risk Register, the status of the risks and associated control measures, including any updates for the period April to September 2019.

Members' attention was drawn to a new risk that has been included within the Corporate Risk Register, around the impact of the McCloud judgement.

An exert from a recent Fire & Rescue Services National Employers Circular, concerning the transitional protections pensions claims interim order on remedy, was read out to Members.

It was highlighted that in December 2018, the Court of Appeal found that the transitional protections unlawfully discriminated on age and the case therefore returned to the Employment Tribunal for it to determine remedy.

Members were advised that following a preliminary hearing, the Employment Tribunal have made an interim order; and it is anticipated that the final determination on that remedy issue, should be resolved around mid-July 2020.

Members were advised that Home Office are being pushed to issue guidance for FRS's around implementation, specifically around dealing with ill health retirements, backdated employee contribution; and taper arrangements.

Members were informed that this issue has been brought to their attention, as it has been raised previously in relation to the potential financial challenge as a result of the expected judgement. They were also informed that as a result of the transition arrangements, there will be an impact on the Authority's workforce planning assumptions. As such, the issue has been included within the Corporate Risk Register; and control measures have been put in place.

Members Resolved that:

The updated Corporate Risk Register for 2019/20, which incorporates the current status of those risks to September 2019, be approved.

11. Updated Service Delivery Plan 2019/20

Members considered Report CFO/060/19 of the Chief Fire Officer, concerning the updating of the Service Delivery Plan for 2019/20 to include actions resulting from the inspection of Merseyside Fire and Rescue Service by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the Integrated Risk Management Plan (IRMP) Supplement 2019/21 and updated outturn performance figures.

Members were provided with an overview of the report and it was highlighted that the Service Delivery Plan is broadly the same, with the inclusion of an Action Plan following the HMICFRS Inspection, which will be discharged through the Officers of the Strategic Leadership Team.

Members Resolved that:

The updated Service Delivery Plan 2019/20, be approved.

12. Occupational Health Medical Services Contract

Members considered Report CFO/062/19 of the Chief Fire Officer, concerning the outcome of the Tender Process for the new Occupational Health Medical Services contract, and to seek Authority approval of the award of the contract to Healthwork Limited.

Members were provided with an overview of the report, which highlighted that Healthworks Ltd significantly outperformed the other bidder, as detailed within the scoring matrix attached at Appendix A.

Members Resolved that:

The award of the new Occupational Health Medical Services contract to Healthwork Limited with effect from 1st April 2020 for the period 2020-2025, with an option for further extensions up to 5 years, be approved.

Close

Date of next meeting Thursday, 26 March 2020

Signed:_____

Date:_____

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| MERSEYSIDE FIRE AND RESCUE AUTHORITY | | | |
|--------------------------------------|-----------------------------------|----------------|-------------|
| MEETING OF THE: | POLICY AND RESOURCES COMMITTEE | | |
| DATE: | 30 JULY 2020 | REPORT NO: | CFO/0042/20 |
| PRESENTING OFFICER | IAN CUMMINS, DIRECTOR OF FINANCE | | |
| RESPONSIBLE OFFICER: | IAN CUMMINS | REPORT AUTHOR: | IAN CUMMINS |
| OFFICERS CONSULTED: | STRATEGIC LEADERSHIP TEAM | | |
| TITLE OF REPORT: | REVENUE & CAPITAL OUTTURN 2019/20 | | |

| | | |
|-------------|------------------|----------------------------------|
| APPENDICES: | APPENDIX A1- A4: | 2019/20 REVENUE BUDGET TO ACTUAL |
| | APPENDIX B: | 2019/20 CAPITAL BUDGET TO ACTUAL |

Purpose of Report

1. To report upon the Authority's year-end financial position for 2019/20.

Recommendation

2. That Members note;
 - a. the actual revenue performance against the approved budget, after taking into account year-end reserve adjustments, was a net underspend of £1.501m, and
 - b. that this underspend has been used to increase the actual 2019/20 minimum revenue provision (debt repayment) with the aim of freeing up future debt servicing budget to allow reinvestment back into front line services, and
 - c. capital re-phasing from 2019/20 into future years of £3.762m was necessary, and
 - d. the establishment of year-end reserves of £0.650m.

Executive Summary

The Authority approved a robust financial plan to meet the financial challenge it faced following the significant reductions to its Government grant funding from 2016/17 to 2019/20.

The approved revenue budget in 2019/20 was £60.282m. Having recognised the financial challenges facing the public sector, Members instructed officers to try to maximise savings in the year and deliver efficiencies as early as possible. Any additional savings would be used to fund additional minimum revenue provision, MRP (debt payment), in order to free-up future years' budget to re-invest in the front line services.

The final accounts of the Authority have now been completed and after taking into account the need to create some year-end reserves a £1.501m underspend has been delivered and used

to fund an increase in MRP.

At the year-end reserves of £0.650m were created to fund initiatives or projects planned for 2019/20 which are now expected to occur in 2020/21.

The General Fund balance remains as anticipated at £3.000m.

Capital spending was £8.915m resulting in a variance of £3.884m against the £12.800m budget for 2019/20. The variance can be broken down into:

- A £3.762m re-phasing of planned spend from 2019/20 into future years, requiring the carry forward of capital budget.
- A net underspend and saving on capital projects of £0.122m.

No new borrowing was taken out in the year, as expected.

Introduction and Background

3. This report sets out the actual financial performance of the Authority compared to the approved 2019/20 revenue and capital budgets.
4. At the Budget Authority meeting on 28 February 2019, Members approved the 2019/20 Budget and Medium Term Financial Plan (MTFP). Members will recall that the Government announced a four year settlement, 2016/17 – 2019/20, and that following a significant cut in the Authority's Government support the approved plan and budget would deliver the required savings to maintain a balanced financial position over this period.
5. The financial plan made a number of assumptions around future costs including:-
 - Annual pay awards of 2% per annum,
 - A 2% per annum general price inflation,
 - That all approved saving options would be delivered as per the plan, and
 - The expected increase the Firefighter Pension Scheme(s) employer contribution rate from 2019/20 would be contained within the allocated growth provision and anticipated Government grant.
6. The delivery of the approved financial plan was monitored closely during the year and Members received quarterly financial review updates. The last report, CFO/04/20 went to the Audit Committee on 13 February 2020, and covered the period up to December 2019. This report now provides Members with the position up to the end of the 2019/20 financial year, 31 March 2020, and covers revenue, capital and reserve movements.
7. In summary the key assumptions were found to be robust and correct as pay and inflation increases in 2019/20 have been as expected. All the budget savings have been delivered, although the required structural changes planned as part of the station merger initiative will not be formally implemented until the build of the new St. Helens fire station is complete (October / November 2020).
8. The rest of the report will now review the budget movements in the year and the financial performance for the year.

How the 2019/20 Budget changed during the year

9. The Authority Revenue Budget for 2019/20 was set at £60.282m.

10. The Authority also approved a five year capital investment programme (2019/20 – 2023/24), of £36.481m, with a planned expenditure in 2019/20 of £17.680m.
11. The Authority adopted a reserves strategy, which maintains a general reserve of £2.000m (uplifted to £3.000m during 2019/20) and had anticipated £23.122m of earmarked reserves (reducing to £23.064m after the 2018/19 year-end adjustment) to cater for specific risks and to fund specific projects.
12. Further minor budget amendments have been made since the last financial review report, CFO/004/20, that reflect already approved policy decisions. These were;

Revenue:

- The net increase in reserves of £0.161m funded from the revenue budget to cover planned committed spend in 2019/20 that will now be incurred in 2020/21, and
- A number of self-balancing virements within the revenue account. The most significant was a virement of £0.057m from the inflation provision to meet price increases, and
- Before year-end adjustments the actual to budget variance was a £2.151m “underspend”, however:-
 - £0.650m of this must be carried forward into 2020/21 to meet commitments arising from 2019/20 but actual spend will be in 2020/21. The single biggest year-end adjustment was for the payment from the Government of COVID-19 grant of £0.355m, the actual spend will be in 2020/21.
 - An additional MRP payment of £1.501m funded from the net underspend, that is based on the current policy of paying off debt early with the aim of freeing up future budget to re-invest in front line services.

These changes are summarised in the table below:

| | | Original Budget | Approved Qtr 3 Budget | Qtr 4 Amend-ments | Final Budget | Original to Final Budget Movements |
|-----------------------|---------------------------------|-----------------|-----------------------|-------------------|--------------|------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Net Expenditure | | | | | | |
| | Fire Service | 62,711 | 63,871 | -105 | 63,766 | 1,055 |
| | Corporate | 486 | 538 | 1 | 539 | 53 |
| | National Res. Assurance | 0 | 0 | 0 | 0 | 0 |
| | | 63,197 | 64,409 | -104 | 64,305 | 1,108 |
| | Interest on Balances | -172 | -172 | 0 | -172 | 0 |
| | Inflation Provision | 1,534 | 154 | -57 | 97 | -1,437 |
| | Contribution (from) to Reserves | -4,277 | -4,109 | 161 | -3,948 | 329 |
| Total Net Expenditure | | 60,282 | 60,282 | 0 | 60,282 | 0 |
| Funded By | | | | | | |
| | Government Support | -30,813 | -30,813 | 0 | -30,813 | 0 |
| | Council Tax | -29,469 | -29,469 | 0 | -29,469 | 0 |
| | | -60,282 | -60,282 | 0 | -60,282 | 0 |

Capital:

- A small increase in the capital budget of £0.212m of which £0.188m was as a consequence of the capitalisation of smoke alarm installation costs to reflect the actual cost, but this increase is funded from the freed-up revenue employee budget. The budgeted level of borrowing was consistent with the approved Quarter 3 figure. The overall movement in the capital programme reflects the re-phasing of major schemes over the 2018/19 to 2020/21 period reported to members through the quarterly financial review reports.

These changes are summarised in the table below:

| | Original Budget | Approved Qtr 3 | Qtr 4 Amendments | Final Budget | Original to Final Budget Movements |
|------------------------------|-----------------|----------------|------------------|--------------|------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | |
| Building & Land | 10,822.7 | 7,249.2 | 6.8 | 7,256.0 | -3,566.7 |
| Fire Safety | 635.0 | 639.5 | 188.0 | 827.5 | 192.5 |
| ICT | 1,729.1 | 2,009.1 | 12.3 | 2,021.4 | 292.3 |
| Operational Equip & Hydrants | 1,986.0 | 932.6 | 0.0 | 932.6 | -1,053.4 |
| Vehicles | 2,507.4 | 1,757.1 | 5.0 | 1,762.1 | -745.3 |
| | 17,680.2 | 12,587.5 | 212.1 | 12,799.6 | -4,880.6 |
| Funding | | | | | |
| Specific Non-Borrowing | 10,045.0 | 8,407.6 | 213.6 | 8,621.2 | -1,423.8 |
| Borrowing | 7,635.2 | 4,179.9 | -1.5 | 4,178.4 | -3,456.8 |
| | 17,680.2 | 12,587.5 | 212.1 | 12,799.6 | -4,880.6 |

Financial Performance in the Year

13. **2019/20 Revenue Outturn Position:** The table overleaf summarises the actual revenue position for 2019/20, excluding the Home Office National Resilience Assurance (NRAT) and other Lead Authority schemes budget and costs. NRAT and other Lead Authority schemes are 100% funded from the Government and relate to national and international rather than MFRS funded initiatives for which the Service provides the lead role on behalf of the Government and all year-end variances are carried forward and belong to the Government. **Appendix A** provides a more detailed analysis of the budget to actual variances:

| | Fire Service Budget | Fire Authority / Corporate Mgt | Total Budget | Actual (before Year-end reserves / adjustments) | Variance | Year-End Reserves | Year-End Adjustment | Variance Post Reserves / Adjustment |
|----------------------------|---------------------|--------------------------------|--------------|---|----------|-------------------|---------------------|-------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | | | | |
| Employee Costs | 47,868 | 390 | 48,258 | 47,676 | -582 | 116 | | -466 |
| Premises Costs | 3,056 | 0 | 3,056 | 3,056 | 0 | | | 0 |
| Transport Costs | 1,303 | 0 | 1,303 | 1,144 | -159 | | | -159 |
| Supplies & Services | 3,763 | 22 | 3,785 | 3,246 | -539 | 22 | | -517 |
| Agency Services | 6,181 | 0 | 6,181 | 6,153 | -28 | | | -28 |
| Central Support Services | 488 | 127 | 615 | 538 | -77 | | | -77 |
| Capital Financing | 12,320 | 0 | 12,320 | 12,320 | 0 | | 1501 | 1,501 |
| Income | -11,213 | 0 | -11,213 | -11,753 | -540 | 512 | | -28 |
| Net Expenditure | 63,766 | 539 | 64,305 | 62,380 | -1,925 | 650 | 1,501 | 226 |
| Contingency Pay & Prices | 97 | | 97 | 0 | -97 | | | -97 |
| Interest on Balances | -172 | | -172 | -301 | -129 | | | -129 |
| | 63,691 | 539 | 64,230 | 62,079 | -2,151 | 650 | 1,501 | 0 |
| Movement on Reserves | -3,948 | | -3,948 | -3,948 | 0 | | | |
| Overall Financial Position | 59,743 | 539 | 60,282 | 58,131 | -2,151 | | | |

14. At the 2019/20 Budget Authority meeting in February 2019, members approved a strategy of utilising any additional one-off savings to fund an increase in debt payments in order to free-up future budget to fund an increase in spend on frontline services. After taking into account the year-end earmarked reserve requests of £0.650m, net expenditure was £1.501m lower than the budget. The £1.501m revenue saving has been utilised to increase the minimum revenue provision (debt payment) actual in 2019/20, and therefore the Authority's overall expenditure is consistent with its budget. The movement in year-end reserves is outlined further on in this report.
15. The main variations were:

Employee Costs, -£0.582m (1.2%) favourable variance. This was made up of a number of different variations –

- Employee & Liability Insurance and other minor variances, £0.116m. The year-end assessment of the potential value of current liable claims indicated a small reduction in the number and value of outstanding claims, thereby resulting in a reduction in the required provision to meet any potential settlement. The

Authority's claims section and insurers continue to challenge any claims received where appropriate. *(note: the £0.116m has been used to increase the self-insurance reserve as part of the year-end reserves adjustments in order to smooth out the financial impact of future years' claims, that may exceed the annual budget provision).*

- Non-operational vacancies / staff not being at the top of their budget grade combined with firefighter retirements being slightly ahead of schedule meant a direct employee saving of £0.454m.
- Other, £0.012m; other smaller variances over a number of other direct and non-direct employee budgets.

Transport Costs, -£0.159m (12.2%) favourable variance –

- The Authority's vehicle workshop undertakes work for external partners and is reimbursed for this activity. The costs/income will reflect the level of activity in the year. For 2019/20 the level of activity resulted in a reduction in expenditure relative to the budget and a "saving" of £0.061m on direct transport costs (with a similar reduction in income). Spend on fuel will reflect the movement in diesel price and activity levels (mileage). The cost of fuel has fluctuated throughout the year and this combined with fuel demand in the year resulted in spend being £0.045m lower than budget. The balance is made up from small savings on lease car, car allowances, and indirect transport costs.

Supplies and Services, -£0.539m (14.2%) favourable variance –

- Officers are continuing to strictly manage controllable expenditure lines such as ICT, Computing, Operational, Prevention and Training supplies in light of the financial challenge resulting in an overall underspend of £0.173m.
- Professional fees saving, £0.305m, reflects the partial delivery of the 2019/20 support service saving ahead of schedule and some projects being re-phased into 2020/21 resulting in a saving on project support costs.

Agency Services, -£0.028m (0.5%) favourable variance.

- PFI default penalties and other adjustments resulted in a small saving on unitary charge payments of £0.030m. The balance was on other outsourced contract lines.

Central Support Services, -£0.077m (12.5%) favourable variance.

- Small savings on the financial systems contract consultancy line as some development work was done in-house or deferred until 2020/21 resulted in a £0.070m saving.

Capital Financing, £0.000m (0.0%).

- Spend was within the approved budget. However, as outlined in the reserves section further on, the 2019/20 year-end £1.501m revenue saving has been utilised to increase the minimum revenue provision (debt payment) actual in 2019/20.

Income (including interest on balances), £0.669m (5.9%) favourable variance.

- Increase in specific grants was £0.586m greater than the budget. This was mainly due to the receipt of the phase 1 COVID-19 grant, £0.355m, at the end of March 2020. The grant will be carried forward as a specific reserve into 2020/21. The balance relates to other one-off grants but in particular a higher than expected s31 compensation grant relating to the restriction on small business

rate increase, that is paid based on the actual level of local business rates, but the budget is based on estimated income.

- Interest earned on investments and balances exceeded the budget by -£0.129m as the level of investments was higher than expected throughout the year as a result of unapplied capital grants (NRAT asset replacement was re-phased) and the level of reserves being higher than expected (as the planned use is now expected in 2020/21 or later years).

2019/20 Movement on Reserves.

16. This report identifies a net reduction in committed earmarked reserves (opening balance £23.064m and a closing balance £18.767m) of £4.297m. Due to the planned reduction in committed reserves, Members approved an increase in the general reserve during the year of £1m to £3m. This meant the general reserve is now at the normal benchmark standard of 5% of the operating budget.
17. Year-end reserves of £0.650m have been created to cover costs associated with specific risks and projects now expected to be incurred in 2020/21 or future years:
 - Phase 1 COVID-19 grant, £0.355m, received at the end of March 2020, but will be required to cover anticipated costs during 2020/21.
 - Increase in the self-insurance reserve of £0.116m, funded by the one-off revenue saving in 2019/20 due to a reduction in the required insurance provision attributable to lower settlement payments in the year and a reduction in the expected payments for outstanding claims. By crediting the self-insurance reserve with the £0.116m it will provide funding for future years when the actual payments or number of claims exceeds the annual budget provision. The insurance reserve smooths out peaks and troughs associated with movements in annual self-insurance claims.
 - Increase the Prince's Trust reserve of £0.082m that reflected additional income above spend in the year due to the higher than expected income generation from 2018/19, and a small saving on costs.
 - Planned spend of 2019/20 New Dimensions grant of £0.075m has been re-phased into 2020/21 and will be carried forward as part of the New Dimensions reserve.
 - Some equipment purchases and health and safety schemes have been re-phased into 2020/21 and the relevant existing reserves have been increased by £0.022m to cover this planned spend.
18. The table overleaf summarises the reserve movements in the year and Appendix A4 provides more details on the changes throughout the year.

| | | Opening Balance | Qtr 4 Closing Balance | Year-End Reserves | Closing Balance |
|-----------------------------------|--------------------------------|--------------------|-----------------------------|----------------------|--------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Committed Reserves | | | | | |
| Emergency Related Reserves | | | | | |
| | Bellwin / Emergency Planning | 222 | 222 | | 222 |
| | Insurance Reserve | 383 | 383 | 116 | 499 |
| | COVID-19 | 0 | 0 | 355 | 355 |
| | | | | | 0 |
| Modernisation Challenge | | | | | |
| | Smoothing Reserve | 450 | 2,000 | | 2,000 |
| | Pensions Reserve | 0 | 0 | | 0 |
| | Recruitment Reserve | 3,000 | 3,000 | | 3,000 |
| | Invest to Save / Collaboration | 895 | 549 | | 549 |
| | | | | | 0 |
| Capital Investment Reserve | | | | | |
| | | 14,431 | 8,426 | | 8,426 |
| PFI Annuity Reserve | | | | | |
| | | 1,986 | 1,862 | | 1,862 |
| Specific Projects | | | | | |
| | | | | | 0 |
| | Health & Safety Reserve | 30 | 30 | 3 | 33 |
| | Equipment Reserve | 92 | 77 | 14 | 91 |
| | Community Engagement | 24 | 8 | | 8 |
| | Training Reserve | 150 | 150 | | 150 |
| | Health & Wellbeing | 35 | 15 | 5 | 20 |
| | Inflation Reserve | 700 | 700 | | 700 |
| | Clothing Reserve | 242 | 328 | | 328 |
| | | | | | 0 |
| Ringfenced Reserves | | | | | |
| | | | | | 0 |
| | Community Risk /Princes Trust | 364 | 318 | 82 | 400 |
| | Energy Reserve | 19 | 8 | | 8 |
| | New Dimensions Reserve | 41 | 41 | 75 | 116 |
| Total Committed Reserves | | | | | |
| | | 23,064 | 18,117 | 650 | 18,767 |
| General Revenue Reserve | | | | | |
| | | 2,000 | 3,000 | 0 | 3,000 |
| Total Reserves | | | | | |
| | | 25,064 | 21,117 | 650 | 21,767 |

2019/20 Capital Expenditure.

19. The Authority's **final** capital budget for 2019/20 was £12.800m. Actual spend in the year was £8.916m resulting in a variance of £3.884m. The variance can be broken down into:

- A £3.762 re-phasing of planned spend from 2019/20 into future years, requiring the carry forward of capital budget.
- A net underspend and saving on capital projects of £0.122m.

As most of the re-phasing was being funded via borrowing the level of actual borrowing in the year was significantly lower than budgeted for.

A summarised capital programme outturn position statement is outlined overleaf:

| | Final Budget | Actual | Re-phasing into future years | Variance |
|------------------------------|--------------|---------|------------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | |
| Building & Land | 7,256.0 | 5,702.2 | 1,502.3 | -51.5 |
| Fire Safety | 827.5 | 784.1 | 4.5 | -38.9 |
| ICT | 2,021.4 | 535.3 | 1,485.4 | -0.7 |
| Operational Equip & Hydrants | 932.6 | 481.9 | 420.0 | -30.7 |
| Vehicles | 1,762.1 | 1,411.9 | 350.2 | 0.0 |
| | 12,799.6 | 8,915.4 | 3,762.4 | -121.8 |
| Funding | | | | |
| Specific Non-Borrowing | 8,621.2 | 8,016.6 | -137.9 | -742.5 |
| Borrowing | 4,178.4 | 898.8 | 3,900.3 | 620.7 |
| | 12,799.6 | 8,915.4 | 3,762.4 | -121.8 |

20. The year-end re-phasing of capital schemes into 2020/21 is outlined in the table below:

| Re-phasing £'m | Scheme | Explanation |
|-------------------|--|---|
| 0.549 | New St Helens Fire Station | The new station should be completed towards the end of 2020 as expected. The year-end re-phasing reflects the fact that the budget phasing was not in line with the planned spend. |
| 0.953 | Other | A number of routine planned fire station and general building investment schemes are commencing slightly later than planned as delays in finalising specifications re-tendering work and scheme priorities has put completion dates back slightly. |
| 0.805 | Capita Vision 3 Update | Delays in the supplier receiving delivery of the required hardware meant the scheme completion date was delayed. The project is now in the implementation phase and will be completed this year. |
| 0.220 | I.C.T. Network | An upgrade to the station network was delayed while the contract with Virgin Media, that was due to end, was renegotiated. The contract has now been agreed and the order for the work has been placed. |
| 0.460 | ICT Schemes | The commencement of other schemes was delayed due to changes being made to project specifications following site visits with staff, (station audio visual refresh), or, competing demands on limited staff resources resulting in the prioritisation of work. |
| 0.240 | Operational Equipment – NRAT Asset Refresh | The Authority acts as the lead authority for the Home Office for the procurement of national resilience assets. The Home Office are reviewing capability needs in light of what the future challenge may be, and therefore delayed the commencement of the asset replacement programme. |

| | | |
|--------------|-----------------------|--|
| | | |
| 0.180 | Operational Equipment | Reviews are ongoing about what the future ask and need of the Service is and therefore the equipment requirements. As these reviews are finalised orders will be placed for replacement equipment. |
| 0.350 | Vehicles | Following a review of the ancillary fleet orders were raised later than planned for new ancillary vehicles, but delivery is now expected in 2020/21. |
| 0.005 | Fire Safety | Slight re-phasing of planned work into 2020/21 |
| 3.762 | | |

21. A full detailed breakdown of the 2019/20 capital budget movements, year-end variances and proposed slippage can be found attached to this report as Appendix B.

Equality and Diversity Implications

22. Resources are invested to support equality and diversity.

Staff Implications

23. Over 70% of revenue expenditure is directly staff related.

Legal Implications

24. None directly arising from this report.

Financial Implications & Value for Money

25. At the 2019/20 Budget Authority meeting in February 2019, members approved a strategy of utilising any additional one-off savings to fund an increase in debt payments in order to free-up future budget to fund an increase in spend on frontline services. After taking into account the year-end drawdown from reserves, net expenditure was £1.501m lower than the budget. The £1.501m revenue saving has been utilised to increase the minimum revenue provision (debt payment) actual in 2019/20, and therefore the Authority's overall expenditure is consistent with its budget.
26. Capital spending was £8.915m resulting in a variance of £3.884m. The variance can be broken down into:
- A £3.762m re-phasing of planned spend from 2019/20 into future years, requiring the carry forward of capital budget.
 - A net underspend and saving on capital projects of £0.122m.
27. The General Fund Balance as at 31st March 2020 was as anticipated, £3.000m. MFRA committed reserves as at 31st March 2020 stand at £18.767m.

Risk Management, Health & Safety, and Environmental Implications

28. None arising from this report.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

29. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's mission.

BACKGROUND PAPERS

- CFO/009/19** "MFRA Budget and Financial Plan 2019/2020-2023/2024" Authority 28th February 2019.
- CFO/050/19** "Financial Review 2019/20 – April to June" Audit Committee 26th September 2019.
- CFO/056/19** "Financial Review 2019/20 – April to September" Policy and Resources Committee 19th December 2019.
- CFO/004/20** "Financial Review 2019/20 – April to December" Audit Committee 13th February 2020"

GLOSSARY OF TERMS

- CAPITAL EXPENDITURE** Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the Authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
- RESERVES** Amounts set aside to meet future contingencies but the use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account.
- REVENUE EXPENDITURE** This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

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2019/20 REVENUE BUDGET MOVEMENT SUMMARY

| Actual 2018/19 | SERVICE REQUIREMENTS | Base Budget 2019/20 | Qtr 3 Budget 2019/20 | Reserve Draw- down | Virem- ents | Qtr 4 Budget 2019/20 | Qtr 4 Actual 2019/20 | Variance | Year-End Reserves & Adjustment |
|-------------------|----------------------------------|---------------------------|----------------------------|--------------------------|----------------|----------------------------|----------------------------|----------|--------------------------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 62,142 | Fire Service | 62,711 | 63,871 | -161 | 56 | 63,766 | 61,860 | -1,906 | 1,501 |
| 475 | Corporate Management | 486 | 538 | 0 | 1 | 539 | 520 | -19 | 0 |
| 0 | NRAT Lead Authority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 62,617 | | 63,197 | 64,409 | -161 | 57 | 64,305 | 62,380 | -1,925 | 1,501 |
| 0 | Contingency Pay/Price Changes | 1,534 | 154 | | -57 | 97 | 0 | -97 | |
| 62,617 | TOTALSERVICE EXPENDITURE | 64,731 | 64,563 | -161 | 0 | 64,402 | 62,380 | -2,022 | 1,501 |
| -266 | Interest on Balances | -172 | -172 | 0 | 0 | -172 | -301 | -129 | |
| 62,351 | NET OPERATING EXPENDITURE | 64,559 | 64,391 | -161 | 0 | 64,230 | 62,079 | -2,151 | 1,501 |
| | Contribution to/(from) Reserves: | | | | | | | | |
| 0 | Emergency Related Reserves | | | | | | | | |
| -476 | Bellwin/ Emergency Planning | | | | | 0 | 0 | 0 | 116 |
| | Insurance Reserve | | | | | 0 | 0 | 0 | 355 |
| | Facing the Future Covid 19 | | | | | | | | |
| -1,356 | Modernisation Challenge | | | | | | | | |
| -322 | Smoothing Reserve | | 1,550 | | | 1,550 | 1,550 | 0 | |
| -105 | Pensions Reserve | | | | | 0 | | 0 | |
| | Invest to Save Reserve | -233 | -463 | 117 | | -346 | -346 | 0 | |
| -57 | Capital Investment Reserve | | | | | | | | |
| -58 | PFI Reserve | | | -8 | | -8 | -8 | 0 | |
| -19 | FMIS Reserve | | | | | | | | |
| -100 | TDA Refurbishment Reserve | | 2,100 | | | 2,100 | 2,100 | 0 | |
| -285 | Catastrophe Reserve | | | | | | | | |
| 2,186 | Equality and Accesibility | | | | | | | | |
| 0 | Asset/Capital Investment | -3,993 | -8,473 | 376 | | -8,097 | -8,097 | 0 | |
| 1,667 | Capital Investment Reserve | -3,993 | -6,373 | 368 | 0 | -6,005 | -6,005 | 0 | |
| -106 | Capital Investment Reserve | -91 | -91 | -33 | | -124 | -124 | 0 | |
| | PFI Annuity Reserve | | | | | | | | |
| | Specific Projects | | | | | | | | |
| 24 | Health & Safety Reserve | 0 | 0 | | | 0 | 0 | 0 | 3 |
| -255 | Equipment Reserve | 0 | -15 | | | -15 | -15 | 0 | 14 |
| 0 | Community Engagement | 0 | -17 | | | -17 | -17 | 0 | |
| 0 | Health & Wellbeing Reserve | 0 | -10 | -10 | | -20 | -20 | 0 | 5 |
| -300 | Training Reserve | 0 | 0 | | | 0 | | | |
| -66 | Clothing Reserve | 0 | 350 | -264 | | 86 | 86 | 0 | |
| | Ringfenced Reserves | | | | | | | | |
| -82 | Community Risk /Princes Trust | 0 | -39 | -7 | | -46 | -46 | 0 | 82 |
| -122 | Energy Reserve | 40 | -1 | -10 | | -11 | -11 | 0 | |
| -1,151 | New Dimensions Reserve | 0 | 0 | | | 0 | 0 | 0 | 75 |
| 0 | General Fund Res | 0 | 1,000 | | | 1,000 | 1,000 | 0 | |
| -2,650 | Movement in Reserves | -4,277 | -4,109 | 161 | 0 | -3,948 | -3,948 | 0 | 650 |
| 59,701 | BUDGET REQUIREMENT | 60,282 | 60,282 | 0 | 0 | 60,282 | 58,131 | -2,151 | 2,151 |
| -31,502 | Settlement Funding Assessment | -30,813 | -30,813 | 0 | 0 | -30,813 | -30,813 | 0 | |
| -253 | Collection Fund Deficit | -245 | -245 | 0 | 0 | -245 | -245 | 0 | |
| -27,946 | Precept Income | -29,224 | -29,224 | 0 | 0 | -29,224 | -29,224 | 0 | |
| -59,701 | BUDGET FUNDING | -60,282 | -60,282 | 0 | 0 | -60,282 | -60,282 | 0 | 0 |

2019/20 FIRE SERVICE REVENUE BUDGET MOVEMENT

| Actual 2018/19 | SERVICE REQUIREMENTS | Base Budget 2019/20 | Qtr 3 Budget 2019/20 | Reserve Draw- down | Virem- ents | Qtr 4 Budget 2019/20 | Qtr 4 Actual 2019/20 | Variance | Year-End Reserves & Adjustment |
|-------------------|--------------------------------|---------------------------|----------------------------|--------------------------|----------------|----------------------------|----------------------------|-------------|--------------------------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | EMPLOYEES | | | | | | | | |
| | Uniformed | | | | | | | | |
| 27,548 | Firefighters | 31,447 | 32,157 | | 11 | 32,168 | 31,064 | -1,104 | |
| 1,217 | Control | 1,337 | 1,357 | | | 1,357 | 1,290 | -67 | |
| 1,849 | Additional Hours | 1,285 | 1,269 | | 27 | 1,296 | 2,202 | 906 | |
| 30,614 | TOTAL UNIFORMED | 34,069 | 34,783 | 0 | 38 | 34,821 | 34,556 | -265 | 0 |
| | APT&C and Manual | | | | | | | | |
| 9,301 | APT&C | 9,447 | 9,894 | -132 | -143 | 9,619 | 9,441 | -178 | |
| 138 | Tender Drivers | 118 | 132 | | | 132 | 146 | 14 | |
| 140 | Catering | 175 | 186 | | | 186 | 170 | -16 | |
| 582 | Transport Maintenance | 589 | 602 | | | 602 | 556 | -46 | |
| 48 | Hydrant Technicians | 55 | 56 | | | 56 | 50 | -6 | |
| 53 | Casuals | | 0 | | | 0 | 43 | 43 | |
| 10,262 | TOTAL APT&C/MANUAL | 10,384 | 10,870 | -132 | -143 | 10,595 | 10,406 | -189 | 0 |
| | Other Employee Expenses | | | | | | | | |
| 83 | Allowances | 60 | 69 | | -3 | 66 | 82 | 16 | |
| 1 | Removal Expenses | 1 | 0 | | | 0 | 0 | 0 | |
| 508 | Training Expenses | 454 | 528 | | -17 | 511 | 509 | -2 | |
| 139 | Other Expenses | 22 | 35 | | -11 | 24 | 42 | 18 | |
| 4 | Staff Advertising | 7 | 5 | | | 5 | 5 | 0 | |
| 56 | Development Expenses | 80 | 81 | | 1 | 82 | 82 | 0 | |
| 298 | Employee Insurance | 138 | 173 | | | 173 | 52 | -121 | |
| 0 | MPF Pen Fixed Rate | 74 | 0 | | | 0 | 0 | 0 | |
| 68 | Enhanced Pensions | 52 | 52 | | | 52 | 53 | 1 | |
| 9 | SSP & SMP Reimbursements | 0 | 0 | | | 0 | 3 | 3 | |
| 129 | Catering Expenditure | 118 | 118 | | 20 | 138 | 134 | -4 | |
| -441 | HFRA Capitalisation Payroll | -375 | -375 | -188 | | -563 | -563 | 0 | |
| 854 | OTHER EMPLOYEE EXPENSES | 631 | 686 | -188 | -10 | 488 | 399 | -89 | 0 |
| | Pensions | | | | | | | | |
| 1,751 | Injury Pension | 1,755 | 1,790 | | | 1,790 | 1,778 | -12 | |
| 314 | Ill Health Retirement Charges | 174 | 174 | | | 174 | 154 | -20 | |
| 2,065 | TOTAL PENSIONS | 1,929 | 1,964 | 0 | 0 | 1,964 | 1,932 | -32 | 0 |
| 43,795 | TOTAL EMPLOYEES | 47,013 | 48,303 | -320 | -115 | 47,868 | 47,293 | -575 | 0 |
| | PREMISES | | | | | | | | |
| 56 | Building Maintenance Repairs | 29 | 32 | | -12 | 20 | 19 | -1 | |
| 11 | Site Maintenance Costs | 14 | 19 | | -1 | 18 | 16 | -2 | |
| 862 | Energy | 761 | 1,014 | | 5 | 1,019 | 1,030 | 11 | |
| 49 | Rent | 42 | 51 | | 1 | 52 | 60 | 8 | |
| 1,544 | Rates | 1,563 | 1,571 | | | 1,571 | 1,589 | 18 | |
| 273 | Water | 214 | 303 | | 1 | 304 | 276 | -28 | |
| 18 | Fixtures | 15 | 23 | | -1 | 22 | 17 | -5 | |
| 49 | Insurance | 53 | 50 | | | 50 | 49 | -1 | |
| 2,862 | TOTAL PREMISES | 2,691 | 3,063 | 0 | -7 | 3,056 | 3,056 | 0 | 0 |
| | TRANSPORT | | | | | | | | |
| 359 | Direct Transport | 391 | 386 | | 2 | 388 | 327 | -61 | |
| 8 | Tunnel & Toll Fees | 11 | 11 | | | 11 | 6 | -5 | |
| 102 | Operating Lease | 133 | 134 | | 2 | 136 | 123 | -13 | |
| 435 | Other Transport Costs | 470 | 471 | | | 471 | 423 | -48 | |
| 68 | Car Allowances | 94 | 90 | | -6 | 84 | 69 | -15 | |
| 282 | Insurance | 229 | 213 | | | 213 | 196 | -17 | |
| 1,254 | TOTAL TRANSPORT | 1,328 | 1,305 | 0 | -2 | 1,303 | 1,144 | -159 | 0 |

2019/20 FIRE SERVICE REVENUE BUDGET MOVEMENT (continued)

| Actual 2018/19 | SERVICE REQUIREMENTS | Base Budget 2019/20 | Qtr 3 Budget 2019/20 | Reserve Draw- down | Virem- ents | Qtr 4 Budget 2019/20 | Qtr 4 Actual 2019/20 | Variance | Year-End Reserves & Adjustment |
|-------------------|--------------------------------------|---------------------------|----------------------------|--------------------------|----------------|----------------------------|----------------------------|---------------|--------------------------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | SUPPLIES & SERVICES | | | | | | | | |
| 13 | Administrative Supplies | 14 | 18 | | -2 | 16 | 9 | -7 | |
| 308 | Operational Supplies | 258 | 281 | | 14 | 295 | 231 | -64 | |
| 11 | Hydrants | 11 | 11 | | | 11 | 9 | -2 | |
| 32 | Consumables | 43 | 43 | | 1 | 44 | 43 | -1 | |
| 98 | Training Supplies | 112 | 99 | | -7 | 92 | 90 | -2 | |
| 89 | Fire Prevention Supplies | 64 | 63 | | 2 | 65 | 59 | -6 | |
| 38 | Catering Supplies | 30 | 32 | | 5 | 37 | 33 | -4 | |
| 385 | Uniforms | 306 | 330 | 264 | 2 | 596 | 592 | -4 | |
| 84 | Printing & Stationery | 92 | 97 | | -1 | 96 | 78 | -18 | |
| 1 | Operating Leases | 1 | 1 | | 2 | 3 | 3 | 0 | |
| 354 | Professional Fees/Service | 710 | 696 | 17 | 63 | 776 | 471 | -305 | |
| 747 | Communications | 749 | 773 | | 6 | 779 | 752 | -27 | |
| 13 | Postage | 14 | 16 | | 1 | 17 | 15 | -2 | |
| 8 | Command/Control | 8 | 8 | | | 8 | 7 | -1 | |
| 290 | Computing | 204 | 267 | | 13 | 280 | 260 | -20 | |
| 188 | Medicals | 196 | 199 | | 5 | 204 | 181 | -23 | |
| 78 | Travel & Subsistence | 72 | 96 | | | 96 | 76 | -20 | |
| 96 | Grants/Subscriptions | 96 | 96 | | 3 | 99 | 98 | -1 | |
| 3 | Advertising | 2 | 7 | | 1 | 8 | 6 | -2 | |
| 36 | Insurances | 38 | 22 | | | 22 | 22 | 0 | |
| 23 | Furniture | 13 | 15 | | -4 | 11 | 8 | -3 | |
| 73 | Laundry | 82 | 82 | | -1 | 81 | 61 | -20 | |
| 8 | Hospitality | 4 | 8 | | 1 | 9 | 7 | -2 | |
| 54 | Seconded Officers In | 0 | 118 | | | 118 | 118 | 0 | |
| 3,030 | TOTAL SUPPLIES & SERVICES | 3,119 | 3,378 | 281 | 104 | 3,763 | 3,229 | -534 | 0 |
| | AGENCY SERVICES | | | | | | | | |
| 119 | Super Fund Admin | 119 | 126 | | | 126 | 114 | -12 | |
| 1,454 | ICT Service Provider | 1,456 | 1,484 | | 8 | 1,492 | 1,515 | 23 | |
| 416 | ICT Managed Suppliers | 432 | 434 | | -9 | 425 | 424 | -1 | |
| 2,752 | PFI Unitary Charges | 2,746 | 2,800 | 41 | | 2,841 | 2,804 | -37 | |
| 1,213 | Estates Service Provider | 1,219 | 1,239 | | 58 | 1,297 | 1,296 | -1 | |
| 5,954 | TOTAL AGENCY SERVICES | 5,972 | 6,083 | 41 | 57 | 6,181 | 6,153 | -28 | 0 |
| | CENTRAL EXPENSES | | | | | | | | |
| 396 | Finance & Computing | 432 | 449 | 15 | 24 | 488 | 416 | -72 | |
| -2 | Central Expenses | 0 | 0 | | | 0 | 2 | 2 | |
| 394 | TOTAL CENTRAL EXPENSES | 432 | 449 | 15 | 24 | 488 | 418 | -70 | 0 |
| | CAPITAL FINANCING | | | | | | | | |
| 9,787 | PWLB Debt Charges | 6,656 | 8,305 | | 230 | 8,535 | 8,535 | 0 | 1,501 |
| 55 | MRB Debt Charges | 60 | 60 | | -6 | 54 | 54 | 0 | |
| 3,432 | Revenue Contribution | 5,289 | 3,896 | -178 | 13 | 3,731 | 3,731 | 0 | |
| 13,274 | TOTAL CAPITAL FINANCING | 12,005 | 12,261 | -178 | 237 | 12,320 | 12,320 | 0 | 1,501 |
| 70,563 | TOTAL EXPENDITURE | 72,560 | 74,842 | -161 | 298 | 74,979 | 73,613 | -1,366 | 1,501 |
| | INCOME | | | | | | | | |
| 4,968 | Specific Grants | 6,938 | 7,554 | | 105 | 7,659 | 8,255 | 596 | |
| 1,359 | Fees & Charges | 1,193 | 1,408 | | 51 | 1,459 | 1,418 | -41 | |
| 8 | Reinforcing Moves | 5 | 5 | | | 5 | 13 | 8 | |
| 949 | Rents etc | 868 | 899 | | 33 | 932 | 1,015 | 83 | |
| 438 | Recharges Secondments | 456 | 630 | | | 630 | 432 | -198 | |
| 326 | Contributions | 166 | 188 | | 35 | 223 | 279 | 56 | |
| 360 | Recharges Internal | 213 | 277 | | -2 | 275 | 291 | 16 | |
| 13 | Other Income | 10 | 10 | | 20 | 30 | 50 | 20 | |
| 8,421 | TOTAL INCOME | 9,849 | 10,971 | 0 | 242 | 11,213 | 11,753 | 540 | 0 |
| 62,142 | NET EXPENDITURE | 62,711 | 63,871 | -161 | 56 | 63,766 | 61,860 | -1,906 | 1,501 |

2019/20 CORPORATE MANAGEMENT REVENUE BUDGET MOVEMENT

| Actual 2018/19 | SERVICE REQUIREMENTS | Base Budget 2019/20 | Qtr 3 Budget 2019/20 | Reserve Draw- down | Virem- ents | Qtr 4 Budget 2019/20 | Qtr 4 Actual 2019/20 | Variance | Year-End Reserves & Adjustment |
|-------------------|----------------------------------|---------------------------|----------------------------|--------------------------|----------------|----------------------------|----------------------------|------------|--------------------------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | EXPENDITURE | | | | | | | | |
| | Finance & Legal costs | | | | | | | | |
| 79 | Finance Officer | 79 | 79 | | | 79 | 79 | 0 | |
| 103 | Legal Officer | 107 | 102 | | 1 | 103 | 104 | 1 | |
| | Democratic Rep (1020) | | | | | | | | |
| 18 | - Travel & Subsistence | 17 | 17 | | 1 | 18 | 15 | -3 | |
| 1 | - Conference Fees | 2 | 2 | | | 2 | 2 | 0 | |
| 201 | - Members Allowances | 208 | 208 | | | 208 | 200 | -8 | |
| 0 | - Telephones | 1 | 1 | | -1 | 0 | | 0 | |
| 3 | - Training | 1 | 1 | | | 1 | 0 | -1 | |
| 0 | - Hospitality | 1 | 1 | | | 1 | 0 | -1 | |
| | Central Expenses (1030) | | | | | | | | |
| 14 | Bank Charges | 15 | 15 | | | 15 | 12 | -3 | |
| 26 | District Audit Fees | 25 | 33 | | | 33 | 30 | -3 | |
| 30 | Subscriptions | 30 | 79 | | | 79 | 78 | -1 | |
| 475 | TOTAL EXPENDITURE | 486 | 538 | 0 | 1 | 539 | 520 | -19 | 0 |

2019/20 NATIONAL RESILIENCE ASSURANCE REVENUE BUDGET MOVEMENT

| Actual 2018/19 | SERVICE REQUIREMENTS | Base Budget 2019/20 | Qtr 3 Budget 2019/20 | Reserve Draw- down | Virem- ents | Qtr 4 Budget 2019/20 | Qtr 4 Actual 2019/20 | Variance | Year-End Reserves & Adjustment |
|-------------------|-----------------------------|---------------------------|----------------------------|--------------------------|----------------|----------------------------|----------------------------|-------------|--------------------------------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | EXPENDITURE | | | | | | | | |
| 1,537 | Employee Costs | | 1,882 | | 141 | 2,023 | 1,600 | -423 | |
| 5,846 | Transport Costs | | 6,015 | | 12 | 6,027 | 5,960 | -67 | |
| 1,522 | Supplies and Services Costs | | 1,638 | | 255 | 1,893 | 1,460 | -433 | |
| 752 | Agency Costs | | 530 | | 200 | 730 | 670 | -60 | |
| 250 | Central Expenditure | | 179 | | 5 | 184 | 179 | -5 | |
| 7 | Capital Financing Costs | | 3 | | 3 | 6 | 6 | 0 | |
| 9,914 | TOTAL EXPENDITURE | 0 | 10,247 | 0 | 616 | 10,863 | 9,875 | -988 | 0 |
| | INCOME | | | | | | | | |
| 9,914 | Income | | 10,247 | | 616 | 10,863 | 9,875 | -988 | |
| 0 | NET EXPENDITURE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Budgeted Movement on Reserves 2019/20

| | Opening Balance | Original Planned Budget Use | Qtr 1 Draw-down | Qtr 2 Draw-down | Qtr 3 Draw-down | Qtr 4 Draw-down | Qtr 4 Closing Balance | Year-End Reserves | Closing Balance |
|-----------------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-------------------|-----------------|
| Committed Reserves | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Emergency Related Reserves | | | | | | | | | |
| Bellwin / Emergency Planning | 222 | | | | | | 222 | | 222 |
| Insurance Reserve | 383 | | | | | | 383 | 116 | 499 |
| COVID-19 | 0 | | | | | | 0 | 355 | 355 |
| | | | | | | | | | 0 |
| Modernisation Challenge | | | | | | | | | 0 |
| Smoothing Reserve | 450 | | | 1,550 | | | 2,000 | | 2,000 |
| Pensions Reserve | 0 | | | | | | 0 | | 0 |
| Recruitment Reserve | 3,000 | | | | | | 3,000 | | 3,000 |
| Invest to Save / Collaboration | 895 | -233 | -104 | | -126 | 117 | 549 | | 549 |
| | | | | | | | | | 0 |
| Capital Investment Reserve | 14,431 | -3,993 | 63 | -4,200 | 1,757 | 368 | 8,426 | | 8,426 |
| PFI Annuity Reserve | 1,986 | -91 | | | | -33 | 1,862 | | 1,862 |
| Specific Projects | | | | | | | | | 0 |
| Health & Safety Reserve | 30 | | | | | | 30 | 3 | 33 |
| Equipment Reserve | 92 | | -1 | -14 | | | 77 | 14 | 91 |
| Community Engagement | 24 | | -16 | | | | 8 | | 8 |
| Training Reserve | 150 | | | | | | 150 | | 150 |
| Health & Wellbeing | 35 | | | | -10 | -10 | 15 | 5 | 20 |
| Inflation Reserve | 700 | | | | | | 700 | | 700 |
| Clothing Reserve | 242 | | | 350 | | -264 | 328 | | 328 |
| | | | | | | | | | 0 |
| Ringfenced Reserves | | | | | | | | | 0 |
| Community Risk /Princes Trust | 364 | | | -39 | | -7 | 318 | 82 | 400 |
| Energy Reserve | 19 | 40 | 32 | -73 | | -10 | 8 | | 8 |
| New Dimensions Reserve | 41 | | | | | | 41 | 75 | 116 |
| Total Committed Reserves | 23,064 | -4,277 | -26 | -2,426 | 1,621 | 161 | 18,117 | 650 | 18,767 |
| General Revenue Reserve | 2,000 | 0 | 0 | 1,000 | 0 | 0 | 3,000 | 0 | 3,000 |
| Total Reserves | 25,064 | -4,277 | -26 | -1,426 | 1,621 | 161 | 21,117 | 650 | 21,767 |

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Capital Programme 2019/20

| EXPENDITURE | | Approved Budget | Q3 Budget | Q4 Amend-ments | Q4 Vire-ments | Q4 Budget | Actual to 31.03.20 | Year-End Re-Phasing into Future Years | Year-End Variance |
|--------------------------------------|--------------------------------------|-------------------|------------------|----------------|---------------|------------------|--------------------|---------------------------------------|-------------------|
| | | £ | £ | £ | £ | £ | £ | £ | £ |
| BUILDING & LAND PROGRAMME | | | | | | | | | |
| BLD001 | Roofs & Canopy Replacements | 70,000 | 88,000 | | 0 | 88,000 | 7,505 | 80,500 | 5 |
| BLD004 | Concrete Yard Repairs | 20,000 | 16,000 | | 0 | 16,000 | 6,600 | 9,400 | 0 |
| BLD005 | Tower Improvements | 10,000 | 10,000 | | 0 | 10,000 | 8,348 | 1,700 | 48 |
| BLD007 | L.E.V. Sys In App Rooms | 5,000 | 9,000 | | 0 | 9,000 | 0 | 9,000 | 0 |
| BLD013 | Appliance Room Floors | 30,000 | 33,000 | | 0 | 33,000 | 5,270 | 27,700 | -30 |
| BLD014 | Boiler Replacements | 15,000 | 28,000 | | 0 | 28,000 | 6,137 | 21,900 | 37 |
| BLD016 | Community Station Investment | 25,000 | 46,000 | | 0 | 46,000 | 10,577 | 35,400 | -23 |
| BLD018 | Conference Facilities H/Q | 5,000 | 10,000 | | 0 | 10,000 | 0 | 10,000 | 0 |
| BLD020 | 5 Year Electrical Test | 95,000 | 35,000 | | -1,800 | 33,200 | 0 | 33,200 | 0 |
| BLD026 | Corporate Signage | 5,000 | 9,000 | | 0 | 9,000 | 1,015 | 8,000 | 15 |
| BLD031 | Diesel Tanks | 0 | 75,000 | | 0 | 75,000 | 41,200 | 33,800 | 0 |
| BLD032 | Power Strategy (Generators) | 10,000 | 44,000 | | 0 | 44,000 | 5,926 | 38,100 | 26 |
| BLD033 | Sanitary Accommodation Refurb | 50,000 | 27,000 | | 0 | 27,000 | 0 | 27,000 | 0 |
| BLD034 | Office Accommodation | 15,000 | 38,000 | | 0 | 38,000 | 0 | 38,000 | 0 |
| BLD036 | L.L.A.R. Accommodation Formby | 0 | 520,500 | | 3,900 | 524,400 | 524,316 | 0 | -84 |
| BLD039 | F.S. Refurbishment Heswall | 290,000 | 50,000 | | 0 | 50,000 | 0 | 50,000 | 0 |
| BLD042 | St Helens Conversion | 102,700 | 27,700 | | 0 | 27,700 | 0 | 27,700 | 0 |
| BLD044 | Asbestos Surveys | 50,000 | 28,000 | | 0 | 28,000 | 0 | 28,000 | 0 |
| BLD050 | LLAR Accommodation Belle Vale | 25,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD053 | Lighting Replacement | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD055 | F.S. Refurbishment Bromborough | 0 | 60,000 | | 1,800 | 61,800 | 58,980 | 2,800 | -20 |
| BLD056 | F.S. Refurbishment Eccleston | 50,000 | 10,000 | | 0 | 10,000 | 0 | 10,000 | 0 |
| BLD057 | F.S. Refurbishment Crosby | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD058 | H.V.A.C. Heating, Vent & Air Con | 75,000 | 27,000 | | 0 | 27,000 | 7,676 | 19,300 | -24 |
| BLD060 | D.D.A. Compliance Work | 195,000 | 92,000 | | 0 | 92,000 | 62,233 | 29,800 | 33 |
| BLD061 | Lighting Conductors Surge Protectors | 10,000 | 23,000 | | 0 | 23,000 | 9,980 | 13,000 | -20 |
| BLD062 | Emergency Lighting | 5,000 | 15,000 | | 0 | 15,000 | 0 | 15,000 | 0 |
| BLD063 | F.S. Refurbishment Kirby | 0 | 10,000 | | 0 | 10,000 | 0 | 10,000 | 0 |
| BLD067 | Gym Equipment Replacement | 20,000 | 28,000 | | 0 | 28,000 | 1,371 | 26,600 | -29 |
| BLD068 | SHQ Joint Control Room | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD070 | Workshop Enhancement | 60,000 | 38,000 | | 0 | 38,000 | 10,627 | 27,400 | 27 |
| BLD071 | Station Refresh | 25,000 | 65,000 | | -3,900 | 61,100 | 35,767 | 25,300 | -33 |
| BLD073 | SHQ Museum | 191,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD075 | Llar Newton Le Willows | 251,400 | 7,700 | | 0 | 7,700 | 840 | 6,900 | 40 |
| BLD080 | Prescot Fire Station Build | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD081 | SHQ Stage C Works | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD082 | Saughall Massie Fire Station Build | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD083 | St Helens Fire Station Build | 7,245,000 | 5,361,000 | | 0 | 5,361,000 | 4,811,808 | 549,200 | 8 |
| BLD084 | F.S. Refurbishment Croxteth | 293,500 | 43,500 | | 0 | 43,500 | 0 | 43,500 | 0 |
| BLD085 | F.S. Refurbishment Speke/Garston | 150,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD086 | F.S. Refurbishment Old Swan | 150,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD088 | F.S. Refurbishment Kensington | 40,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| BLD090 | F.S. Refurbishment Wallasey | 0 | 50,000 | | 0 | 50,000 | 0 | 50,000 | 0 |
| BLD091 | Refurbishment TDA | 1,000,000 | 15,200 | | 0 | 15,200 | -51,435 | 15,200 | -51,435 |
| BLD092 | Service HQ. Offices | 50,600 | 25,600 | | 0 | 25,600 | 0 | 25,600 | 0 |
| BLD094 | Security Enhancement Works | 25,000 | 34,000 | | 0 | 34,000 | 27,404 | 6,600 | 4 |
| CON001 | Energy Conservation Non-Salix | 143,000 | 112,500 | -3,200 | 0 | 109,300 | 0 | 109,300 | 0 |
| CON002 | Energy Conservation Salix | 0 | 76,000 | 10,000 | 0 | 86,000 | 84,992 | 1,000 | -8 |
| EQU002 | White Goods & Catering Equipment | 10,000 | 31,000 | | 0 | 31,000 | 14,952 | 16,000 | -48 |
| EQU003 | Furniture Replacement Prog | 10,500 | 30,500 | | 0 | 30,500 | 10,094 | 20,400 | -6 |
| Total | | 10,822,700 | 7,249,200 | 6,800 | 0 | 7,256,000 | 5,702,185 | 1,502,300 | -51,515 |
| FIRE SAFETY | | | | | | | | | |
| FIR002 | Smoke Alarms (H.F.R.A.) | 235,000 | 235,000 | | 0 | 235,000 | 197,154 | 0 | -37,846 |
| FIR005 | Installation Costs (H.F.R.A.) | 375,000 | 375,000 | 188,000 | 0 | 563,000 | 563,000 | 0 | 0 |
| FIR006 | Deaf Alarms (H.F.R.A.) | 25,000 | 25,000 | | 0 | 25,000 | 24,000 | 0 | -1,000 |
| FIR009 | Risk Management Residential Blocks | 0 | 4,500 | | 0 | 4,500 | 0 | 4,500 | 0 |
| Total | | 635,000 | 639,500 | 188,000 | 0 | 827,500 | 784,154 | 4,500 | -38,846 |

Capital Programme 2019/20

| EXPENDITURE | | Approved Budget | Q3 Budget | Q4 Amend-ments | Q4 Virement s | Q4 Budget | Actual to 31.03.20 | Year-End Re-Phasing into Future Years | Year-End Variance |
|--|-----------------------------------|-------------------|-------------------|----------------|---------------|-------------------|--------------------|---------------------------------------|-------------------|
| | | £ | £ | £ | £ | £ | £ | £ | £ |
| ICT | | | | | | | | | |
| FIN001 | F.M.I.A. Replacement | 0 | 74,000 | | 0 | 74,000 | 550 | 73,500 | 50 |
| IT002 | I.C.T. Software | 194,000 | 265,000 | | 0 | 265,000 | 221,223 | 43,800 | 23 |
| IT003 | I.C.T. Hardware | 297,100 | 214,600 | 12,100 | 0 | 226,700 | 78,625 | 148,100 | 25 |
| IT005 | I.C.T. Servers | 79,000 | 87,000 | | 0 | 87,000 | 3,626 | 83,400 | 26 |
| IT018 | I.C.T. Network | 117,000 | 332,000 | | 0 | 332,000 | 112,460 | 219,500 | -40 |
| IT019 | Website Development | 0 | 34,000 | | 0 | 34,000 | 11,772 | 22,200 | -28 |
| IT026 | I.C.T. Operational Equipment | 60,000 | 20,000 | | 0 | 20,000 | 19,173 | 0 | -827 |
| IT027 | I.C.T. Security | 2,000 | 2,000 | | 0 | 2,000 | 889 | 1,100 | -11 |
| IT028 | System Development Portal | 0 | 14,000 | | 0 | 14,000 | 4,343 | 9,700 | 43 |
| IT030 | I.C.T. Projects / Upgrades | 5,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT046 | TRM System | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT047 | Legal Case Management System | 0 | 42,500 | 2,000 | 0 | 44,500 | 43,329 | 1,200 | 29 |
| IT051 | JCC Airwave Solution | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT053 | JCC Backup MACC | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT055 | C3i C&C Comms and Info system | 5,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT056 | PFI Access Door System | 0 | 9,000 | | 0 | 9,000 | 2,821 | 6,200 | 21 |
| IT057 | Fleet Management System | 0 | 5,000 | | -5,000 | 0 | 0 | 0 | 0 |
| IT058 | New Emergency Services Network | 0 | 23,000 | | 0 | 23,000 | 17,308 | 5,700 | 8 |
| IT059 | ESMCP Project Control Room | 0 | 66,000 | | 0 | 66,000 | 0 | 66,000 | 0 |
| IT060 | ICT Station Change | 20,000 | 16,000 | 3,200 | 0 | 19,200 | 19,162 | 0 | -38 |
| IT061 | ESMCP ITHC Remedial Works | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| IT062 | Capita Vision 3 Update | 950,000 | 805,000 | | 0 | 805,000 | 0 | 805,000 | 0 |
| Total | | 1,729,100 | 2,009,100 | 17,300 | -5,000 | 2,021,400 | 535,281 | 1,485,400 | -719 |
| OPERATIONAL EQUIP. & HYDRANTS | | | | | | | | | |
| OPS001 | Gas Tight Suits Other Ppe | 10,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| OPS003 | Hydraulic Rescue Equipment | 0 | 82,000 | | 0 | 82,000 | 81,219 | 0 | -781 |
| OPS005 | Resuscitation Equipment | 57,500 | 12,500 | | -4,600 | 7,900 | 3,000 | 4,900 | 0 |
| OPS009 | Pod Equipment | 112,500 | 37,500 | | 0 | 37,500 | 0 | 37,500 | 0 |
| OPS011 | Thermal Imaging Cameras | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| OPS016 | Gas Detection Equipment | 0 | 7,000 | | 0 | 7,000 | 1,719 | 5,300 | 19 |
| OPS022 | Improvements To Fleet | 45,000 | 44,000 | | 0 | 44,000 | 40,363 | 3,600 | -37 |
| OPS023 | Water Rescue Equipment | 10,000 | 16,000 | | 4,600 | 20,600 | 18,016 | 2,600 | 16 |
| OPS024 | BA equipment / Comms | 40,000 | 44,000 | | 0 | 44,000 | 21,900 | 22,100 | 0 |
| OPS026 | Rope Replacement | 15,000 | 7,000 | | 0 | 7,000 | 0 | 7,000 | 0 |
| OPS027 | Light Portable Pumps | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| OPS031 | Cctv Equipment/Drone | 10,000 | 6,000 | | 0 | 6,000 | 0 | 6,000 | 0 |
| OPS034 | Operational Ladders | 160,000 | 110,000 | | 0 | 110,000 | 102,785 | 7,200 | -15 |
| OPS036 | Radiation/Gas Detection Equipment | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| OPS038 | Water Delivery System | 30,000 | 15,000 | | 0 | 15,000 | 0 | 15,000 | 0 |
| OPS039 | Water Delivery Hoses | 15,000 | 40,000 | | 0 | 40,000 | 14,580 | 25,400 | -20 |
| OPS049 | Bulk Foam Attack Equipment | 143,000 | 23,000 | | 0 | 23,000 | 0 | 23,000 | 0 |
| OPS052 | DEFRA FRNE Water Rescue Grant | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| OPS054 | Electrical Equipment | 35,000 | 15,000 | | 0 | 15,000 | 504 | 14,500 | 4 |
| OPS055 | NRAT National Asset Refresh | 1,250,000 | 430,600 | | 0 | 430,600 | 190,680 | 239,900 | -20 |
| OPS056 | PV Solar Panels | 16,000 | 6,000 | | 0 | 6,000 | 0 | 6,000 | 0 |
| HYD001 | Hydrants (New Installations) | 18,500 | 18,500 | | 0 | 18,500 | 4,020 | 0 | -14,480 |
| HYD002 | Hydrants (Rep Installations) | 18,500 | 18,500 | | 0 | 18,500 | 3,094 | 0 | -15,406 |
| Total | | 1,986,000 | 932,600 | 0 | 0 | 932,600 | 481,880 | 420,000 | -30,720 |
| VEHICLES | | | | | | | | | |
| VEH001 | Wt's Purchased | 1,060,000 | 1,155,200 | | 0 | 1,155,200 | 1,088,978 | 66,200 | -22 |
| VEH002 | Ancillary Vehicles | 426,950 | 445,500 | | 0 | 445,500 | 288,499 | 157,000 | -1 |
| VEH004 | Special Vehicles | 985,050 | 75,000 | | 0 | 75,000 | 879 | 74,100 | -21 |
| VEH005 | Vehicles water Strategy | 16,400 | 16,400 | | 0 | 16,400 | 0 | 16,400 | 0 |
| VEH010 | Marine Rescue Vessels | 0 | 36,000 | | 0 | 36,000 | 33,532 | 2,500 | 32 |
| WOR001 | Workshop Equipment | 19,000 | 29,000 | | 5,000 | 34,000 | 0 | 34,000 | 0 |
| Total | | 2,507,400 | 1,757,100 | 0 | 5,000 | 1,762,100 | 1,411,889 | 350,200 | -11 |
| Grand Total | | 17,680,200 | 12,587,500 | 212,100 | 0 | 12,799,600 | 8,915,387 | 3,762,400 | -121,813 |

Capital Programme 2019/20

| FUNDING | | Approved Budget | Q3 Budget | Q4 Amend-ments | Q4 Virement s | Q4 Budget | Actual to 31.03.20 | Year-End Re-Phasing into Future Years | Year-End Variance |
|-----------------------------------|--------------------------------------|-------------------|-------------------|----------------|---------------|-------------------|--------------------|---------------------------------------|-------------------|
| | | £ | £ | £ | £ | | £ | £ | £ |
| Capital Receipts | Sale of Upton FS | 350,000 | 1,100,000 | | 0 | 1,100,000 | 1,083,175 | 0 | -16,825 |
| | Sale of West Kirby FS | 200,000 | 1,200,000 | | 0 | 1,200,000 | 1,179,957 | 0 | -20,043 |
| | Sale of St Helens FS | 100,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| | Sale of Eccleston FS | 600,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| | Sale of Formby LLAR House | 350,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| | Sale of Newton 2 LLAR House | 275,000 | 0 | | 0 | 0 | 0 | 0 | 0 |
| | Sale of Land Covenant Old Swan FS | 0 | 0 | | 0 | 0 | 50,000 | 0 | 50,000 |
| | | | | | | | | | |
| R.C.C.O. / Capital Reserve | | | | | | | | | |
| Grant | Capitalisation of Sals HFRA (FIR005) | 375,000 | 375,000 | 188,000 | 0 | 563,000 | 563,000 | 0 | 0 |
| | FSN Charge for Alarms (FIR002) | 0 | 0 | 2,900 | 0 | 2,900 | 2,900 | 0 | 0 |
| | ICT Equipment (IT003) | 0 | 6,500 | 12,100 | 0 | 18,600 | 18,600 | 0 | 0 |
| | Legal Case Management System | 0 | 42,500 | 2,000 | 0 | 44,500 | 44,500 | 0 | 0 |
| | MRSP Educational Van (VEH004) | 0 | -11,000 | | 0 | -11,000 | -11,000 | 0 | 0 |
| | SALIX LED Lighting Schemes | 0 | 73,000 | 10,000 | 0 | 83,000 | 83,000 | 0 | 0 |
| | Saughall Massie New Build Cap Res | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| | St Helens FS New Build Cap Inv Res | 4,914,000 | 3,414,000 | | 0 | 3,414,000 | 3,036,200 | -377,800 | -755,600 |
| | | | | | | | | | |
| | | | | | | | | | |
| Grant | St Helens FS Transformation Grant | 1,631,000 | 1,777,000 | -1,400 | 0 | 1,775,600 | 1,775,600 | 0 | 0 |
| | NRAT National Resilience Grant | 1,250,000 | 430,600 | | 0 | 430,600 | 190,680 | 239,920 | 0 |
| Total Non Borrowing | | 10,045,000 | 8,407,600 | 213,600 | 0 | 8,621,200 | 8,016,612 | -137,880 | -742,468 |
| Borrowing Requirement | | | | | | | | | |
| Borrowing | Unsupported Borrowing | 7,635,200 | 4,179,900 | -1,500 | 0 | 4,178,400 | 898,775 | 3,900,280 | 620,655 |
| | Borrowing | 7,635,200 | 4,179,900 | -1,500 | 0 | 4,178,400 | 898,775 | 3,900,280 | 620,655 |
| | | | | | | | | | |
| Total Funding | | 17,680,200 | 12,587,500 | 212,100 | 0 | 12,799,600 | 8,915,387 | 3,762,400 | -121,813 |

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| MERSEYSIDE FIRE AND RESCUE AUTHORITY | | | |
|--------------------------------------|--|------------------------------------|------------|
| MEETING OF THE: | POLICY AND RESOURCES | | |
| DATE: | 30/07/2020 | REPORT NO: | CFO/040/20 |
| PRESENTING OFFICER | DEPUTY CHIEF FIRE OFFICER | | |
| RESPONSIBLE OFFICER: | NICK MERNOCK | REPORT AUTHOR: | JOHN PRICE |
| OFFICERS CONSULTED: | ASHLEY ROBERTS LYNN HUGHES IAN CUMMINS MIKE REA | | |
| TITLE OF REPORT: | UPDATE TO DELIVERY OF APPRENTICESHIPS | | |
| APPENDICES: | APPENDIX A: | CFO/062/18 DEV. OF APPRENTICESHIPS | |

Purpose of Report

1. To inform Members of the progress made following the approval of the Development of Apprenticeships as an employer provider.

Recommendation

2. That Members;
 - a. Note the current position of the Service on the delivery of apprenticeships.
 - b. Approve the adjustment of budgets for apprenticeship delivery to the relevant departments to reflect costs incurred.

Introduction and Background

3. The Service has been involved with the delivery of apprenticeships since 2015, with the delivery of the Community Safety Advisor apprenticeship as a subcontracted provider through a local college. Having identified the clear benefits from employing apprentices and having the responsibility to ensure that the content of training was of high quality, the Service looked to introduce apprenticeship opportunities within various areas of the organisation.
4. This has resulted in a range of apprenticeships being undertaken in areas such as Facilities Management, Catering, Computer Aided Design, Business Administration, Engineering and Vehicle Maintenance.
5. With the publication of the Operational Firefighter Apprenticeship Standard the Service considered how this, and other new apprenticeships could be delivered most effectively. As reported previously the attainment of Apprentice Employer Provider status allows the Service to administer these programmes on behalf of our employees.

6. Following the approval of the Authority the Service has progressed through the application process and is now listed on the Register of Approved Training Providers, as an Employer Provider.
7. By way of example new Firefighter recruits are now enrolled onto the Operational Firefighter Standard Apprenticeship, a 24-month development programme delivered through the recruit course at the Training & Development Academy and whilst in development on stations.
8. Three cohorts of Development Firefighters have been enrolled to date, resulting in 59 learners currently progressing through the development programme.
9. As an Employer Provider, the Authority can claim the cost of delivering the Apprenticeship (currently upto £12,000 per learner over 24 months) through our Digital Apprenticeship Service (Levy) account.
10. As a Levy paying employer, we pay approximately £170,000 per annum into our Levy account. Once exhausted, 95% of delivery costs are paid by Government.
11. It is estimated that for the first 5 cohorts of FF Apprenticeship learners, the Authority will have claimed in excess of £1,000,000 in delivery funding.
12. For 2020 and 2021, should the Authority continue to recruit at the same pace, the funded cost of delivering Firefighter Apprenticeships has been estimated as below. Costs are approximate due to the variances for each individual learner.
13. The significant expenditure for apprentice training is mostly offset by the levy but there are additional costs which ensure our firefighters are trained effectively which are not considered to be eligible from the levy payment, but they can be contained within the existing training budget.

| Year | Projected levy used | Levy payment | In Year Balance |
|-----------|---------------------|--------------|-----------------|
| 2019-2020 | £81,400 | 168,180 | -£86,780 |
| 2020-2021 | £371,900 | 168,180 | £203,270 |
| 2021-2022 | £590,500 | 168,180 | £422,320 |
| Balance | £1,043,800 | £504,540 | £539,260 |

14. Funding claimed will be directly related to the eligible costs (as determined by ESFA Funding Rules) of apprenticeship delivery. Effective use of the levy funds allows for the current funding to be reinvested in training the existing workforce. It will also for funds to be set aside for to accommodate for any future changes to apprenticeship funding rules and programme delivery.

15. It is requested that funds received for apprenticeship training are vired to the appropriate departments involved in resourcing its delivery. These are currently Operational Preparedness, People & Organisational Development and Operational Response.
16. The below provides an overview of costs for delivery of Apprenticeship delivery. "New costs" represent costs incurred for the delivery of the apprenticeship that the Service will not have otherwise incurred. "Existing Costs" relates to pre-existing costs in resourcing the development of Firefighters.

| Department | Cost Detail | New or Existing Cost |
|-------------------------------------|---|----------------------|
| People & Organisational Development | Quality Assurance of Delivery | New Cost |
| | Employee / Learner Support | New Cost |
| | Learner Management Software (Portfolio) | Existing Cost |
| | Learner Management Software (Funding) | New Cost |
| | Learner Materials | New/Existing Cost |
| | Management & Administration | New Cost |
| Operational Preparedness | Apprenticeship Training Delivery (Recruit Course) | Existing Cost |
| | Apprenticeship Training Delivery (On Station) | Existing Cost |
| | Learner Materials | New/Existing Cost |
| | Employee / Learner Support | New Cost |
| Operational Response | Apprenticeship Training Delivery (On Station) | Existing Cost |

Equality and Diversity Implications

17. The Firefighter Recruitment process has a Positive Action Strategy which encourages applications from under-represented groups. Our workforce plans highlight the need to recruit firefighters in line with our retirement profile. This broadly means that 50% of our firefighters in ten years will be new. This will have a significant impact on the age profile, culture and development of our teams.
18. As an Employer Provider the Service is required to have safeguarding strategies in place and give consideration to the prevent duty. They should also have equality and diversity policies in place and have clearly defined procedures for tackling bullying and discrimination. The Service utilises pre-existing policies and procedures to satisfy this requirement.

Staff Implications

19. As an Employer Provider delivering an apprenticeship programme, the Service is required to have staff in place who have the expertise/experience of the organisation as well as occupational knowledge/experience of the subject matter they are delivering and assessing.

Legal Implications

20. The Enterprise Act 2016 establishes the intent to protect and strengthen the apprenticeship brand, introduce targets for apprenticeships in public sector

bodies in England and establish an Institute for Apprenticeships- an independent employer led body that ensures apprenticeships meet the needs of business.

21. All apprentices/staff are fully inducted to ensure compliance with all legislation including health and safety, data protection and equality legislation.
22. The Authority remains compliant with the learning provider agreement when delivering this programme as an employer provider

Financial Implications & Value for Money

23. The levy goes to H.M.R.C. as part of a monthly PAYE return. As an Employer Provider the Service is effectively paying itself to deliver the training to our own staff. Funding is removed from the levy account and paid into the Service accounts on a monthly basis.

Risk Management, Health & Safety, and Environmental Implications

24. ESFA funding compliance is key. Through collaboration with Finance, People & Organisational Development and Operational Preparedness teams we will ensure funding claimed is directly related to apprenticeship delivery and compliant to published Funding Rules.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

25. By re-investing the funds received for the delivery of Apprenticeship training, the Service can ensure appropriate resources are committed to maintained high quality Firefighter training. Having a direct impact on how we develop our staff and our ability for our people to be the best they can be.

BACKGROUND PAPERS

CFO/062/18 Development of Apprenticeships

GLOSSARY OF TERMS

ESFA Education & Skills Funding Agency is the single agency accountable for the funding education and skills for children, young people and adults.

| MERSEYSIDE FIRE & RESCUE AUTHORITY | | | |
|---|--|-----------------------|--|
| MEETING OF THE: | POLICY AND RESOURCES COMMITTEE | | |
| DATE: | 13TH DECEMBER 2018 | REPORT NO: | CFO/062/18 |
| PRESENTING OFFICER | CHIEF FIRE OFFICER | | |
| RESPONSIBLE OFFICER: | NICK MERNOCK, DIRECTOR OF PEOPLE AND ORGANISATIONAL DEVELOPMENT | REPORT AUTHOR: | LYNN HUGHES, HEAD OF ORGANISATIONAL DEVELOPMENT |
| OFFICERS CONSULTED: | | | |
| TITLE OF REPORT: | DEVELOPMENT OF APPRENTICESHIPS | | |

| | | |
|--------------------|--|---|
| APPENDICES: | APPENDIX 1 APPENDIX 2 APPENDIX 3 APPENDIX 4 APPENDIX 5 APPENDIX 6 | FIREFIGHTER STANDARD LEADERSHIP STANDARD COMMUNITY SAFETY ADVISER STANDARD BUSINESS SAFETY ADVISER STANDARD MFRA AS AN EMPLOYER PROVIDER SUB-CONTRACT AS A TRAINING PROVIDER |
|--------------------|--|---|

Purpose of Report

1. To request that members approve the further development of apprenticeships, incorporating the new funding delivery models and workplace application.

Recommendation

2. That members;
 - a. Approve the adoption and delivery of a number of apprenticeship standards, including Firefighter, Leadership and Management (Levels 3, 5, 7) and Community Safety as a means of developing our people.
 - b. Approve Merseyside Fire and Rescue Authority's (MFRA) application to become an Employer Provider to enable taking responsibility for the training of staff, thereby allowing the Authority to maximise its access to and use of the Apprenticeship Levy.
 - c. Instruct that a further report is provided giving a full financial implication statement for the Authority following the attainment of Employer Provider status.

Introduction and Background

3. There are significant drivers to expand delivery of apprenticeships both external and internal. In terms of external factors apprenticeships are seen as an increasing part of the long term plan for improved workforce development. The Government's Apprenticeship Reform Programme is aimed at ensuring apprenticeships become more rigorous and more responsive to the needs of employers. The Enterprise Act 2016 establishes the intent to protect and strengthen the apprenticeship brand, introduce targets for apprenticeships in public sector bodies in England and establish an Institute for Apprenticeships- an independent employer led body that ensures apprenticeships meet the needs of business. The target set at 2.3% of headcount, equates to 24 staff for MFRA. This applies to an intake of new apprentices, or equipping existing staff with a qualification.
4. The introduction of an apprenticeship levy also means that employers will pay 0.5% of each month's pay bill to H.R.R.C. which equates to £200,000 per annum. Additional money is available with government providing 90% of the additional costs.
5. In terms of internal drivers apprentices prove an excellent opportunity to harness new talent in line with succession planning needs. It also enables us to equip our existing workforce with qualifications and training to upskill them.
6. The new standards consist of:
 - A job in a skilled occupation and achievement of full competency in role
 - Substantial and sustained training involving at least 20% off the job training.
 - A requirement to pass English and Maths (functional skills) if this hasn't already been achieved.
 - An End Point Assessment carried out by an external organisation (EPA).
 - A clear framework or standard which consists of the necessary knowledge, skills and behaviours to reach competency in role.
7. There are a number of apprenticeships standards that have been approved that are ready to deliver. Appendix 1 provides further detail:-

These are:-

- Firefighter which is aligned to the Authority's current recruitment given the workforce plans.
 - Management and Leadership which is in hand with the promotion, development and training of staff in leadership positions.
 - Community Safety Advisor (the Framework for this has recently been finalised).
 - Business Safety Advisor (the Framework for this has recently been finalised)
8. There are a number of options as to how the apprenticeship standard is delivered.

The options are:-

- Source a training provider (approximately 20% administration fee charged). The training provider manages learning plans, initial assessments and OFSTED.
 - MFRA becomes an employer provider enabling use of the levy for training and associated costs such as staff facilities and equipment. This places a requirement on the employer to be quality assured by OFSTED. Employers need to go through a rigorous approval process via the Register of Apprenticeship Training Providers (RoATP). Appendix 2 covers further details relating to benefits/risks.
9. It is recommended that wherever we have particular occupational expertise such as Firefighter, Community Safety and Leadership Management, we would adopt the employer provider route. Where we don't have the capability and resource as well as small numbers we can continue to operate through a training provider.
10. The Authority has utilised the experience of a short term consultant to develop and write the application for Employer Provider status along with the future delivery of apprenticeships. This has been funded initially from reserves with the potential to reclaim the money through the levy should the Authority confirm that they wish to become an Employer Provider in the future.

Equality and Diversity Implications

11. The Firefighter Recruitment process has a Positive Action Strategy which encourages applications from under-represented groups. Our workforce plans highlight the need to recruit firefighters in line with our retirement profile. This broadly means that 50% of our firefighters in ten years will be new. This will have a significant impact on the age profile, culture and development of our teams.

12. Organisations are required to have safeguarding strategies in place and give consideration to the prevent duty. They should also have equality and diversity policies in place and have clearly defined procedures for tackling bullying and discrimination.

Staff Implications

13. To become an Employer Provider the Service should have staff in place who have the expertise/experience of the organisation as well as occupational knowledge/experience of the subject matter they are delivering and assessing.
14. All apprentices/employees undertaking the programme will need to maintain a portfolio of evidence based on a set of clear requirements. The End Point Assessment consists of a knowledge test, practical assessment, a professional discussion/structured interview based on the content of their portfolio.

Legal Implications

15. The Enterprise Act 2016 establishes the intent to protect and strengthen the apprenticeship brand, introduce targets for apprenticeships in public sector bodies in England and establish an Institute for Apprenticeships- an independent employer led body that ensures apprenticeships meet the needs of business.
16. All apprentices/staff will be fully inducted to ensure compliance with all legislation including health and safety, data protection and equality legislation.

Financial Implications & Value for Money

17. The levy goes to H.M.R.C. as part of a monthly PAYE return. As an Employer Provider the Service can effectively pay itself to deliver the training to our own staff. Funding is removed from the levy account and paid into the services training arm on a monthly basis. The financial position needs further discussion as this will change in line with numbers of apprentices and details will be provided in a further report to Elected Members

Risk Management, Health & Safety, and Environmental Implications

18. There are a number of potential risks. Some of these are outside of our control, such as the readiness of sector frameworks and the limited opening of RoATP. An internal risk is organisational readiness in terms of capacity, skills, people and finance. This will be partially mitigated through the recruitment of an Apprenticeship Manager.

19. A potential risk is OFSTED Inspection, however, this will not happen until 3 years from the start of the programme. OFSTED will inspect the service to assess the quality of the training, individual learning plans and record keeping.

20. A further element is functional skills with the necessity of all candidates to pass if they have not already achieved English and Mathematics (A-C)

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

BACKGROUND PAPERS

GLOSSARY OF TERMS

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| MERSEYSIDE FIRE AND RESCUE AUTHORITY | | | |
|--------------------------------------|--|----------------|----------------------------|
| MEETING OF THE: | POLICY & RESOURCES COMMITTEE | | |
| DATE: | 30 JULY 2020 | REPORT NO: | CFO/043/20 |
| PRESENTING OFFICER | DEPUTY CHIEF FIRE OFFICER | | |
| RESPONSIBLE OFFICER: | NICK MERNOCK | REPORT AUTHOR: | NICK MERNOCK |
| OFFICERS CONSULTED: | STRATEGIC LEADERSHIP TEAM HYWYN PRITCHARD | | |
| TITLE OF REPORT: | LEARNING AND DEVELOPMENT CONTRACT | | |

| | |
|-------------|--|
| APPENDICES: | |
|-------------|--|

Purpose of Report

1. To seek members approval to extend the current contract the Authority holds with Brathay Services Ltd ('Brathay'), for the provision of specialist team building training for one year due to the inability of the Authority to move to market due to the implications and restrictions posed by the actions in relation to COVID19.

Recommendation

2. That members approve the utilisation of a 1 year noting that the expenditure during the proposed extension and value of the contract would exceed £250,000.

Introduction and Background

3. The Authority currently has a 3-year contract for the provision of specialist team building programmes with the option to extend by a further year.
4. Within this contract the Authority has in conjunction with Brathay Services Ltd developed a tailor made recruitment programme in order to meet the Authority's requirements for team building and individual development for our new recruits as well as current employees undertaking leadership and development training as part of our corporate succession planning process. This mix of outward bound and group classroom work has proven pivotal in the success of our development of strong teams and engaged individuals.
5. While the contract allows the provision of a contract extension of 1 year due to the current spend during the 3 year contract term and anticipated spend for a further year as detailed within the financial implications the expenditure during the proposed extension and value of the contract would exceed £250,000.

6. . Officers have been unable to tender for the award of a new contract for the supply of this service before the implications of the COVID lockdown took effect due to the extensive process to be undertaken for the value of the contract.
7. It is for this reason that the Authority for organisational continuity, and to enable the Authority to continue to recruit new employees to meet its workforce planning strategy, would seek to activate the option of the contract extension which would be due to expire in 2020.
8. The success Merseyside Fire and Rescue Service has attained further to the services provided within the contract with Brathay has been viewed by other Fire and Rescue Authorities and as a consequence a request has been received from Lancashire Fire and Rescue Service to partner Merseyside Fire and Rescue to enable them to participate in the extended contract period if approved and propose to collaborate in the next contractual tender process.
9. This approach allows further collaboration between the two Fire Authorities in conjunction with governmental expectation.
10. If approved by Members to extend the contract on the proposed expenditure participation during the extended contract period will require the Authority to pay Brathay for the training undertaken by Lancashire Fire and Rescue Service and for Lancashire FRA to then reimburse the Authority. The treasurer is in agreement with this proposal on the basis it will be underpinned with formal agreement between the two Authorities.

Equality and Diversity Implications

11. The training programme itself is accessible to all employees and can be amended as required to accommodate individual learning need. The selection for participation is based on the Authority agreed Recruitment and Development Policies.

Staff Implications

12. The training is open and available to all employees participating as part of Firefighter recruitment, Apprenticeship Development or Leadership Development. The programmes are highly regarded, receive high level feedback and so fully contribute to the development of high quality employees.

Legal Implications

13. The contract permits the extension period of one year and the recommendation including the expected expenditure remains compliant with the Procurement Regulations 2015.

14. Any collaboration on services with other fire and ensure authorities should have appropriate recourse of action in place to ensure expenditure can be recovered in a timely manner prior to the Authority incurring costs on their behalf.

Financial Implications & Value for Money

15. Based on known and predicted training requirements it is expected the Authority spending during this next year to July 2021 will be £175,707 for the courses provided within the contract and the amount of employees who would undertake them.
16. It is anticipated that in addition Lancashire Fire and Rescue spend will be £33,033.76.
17. The costs can be contained within the organisational training budget.
18. The value of the contract over the original three year plus the proposed extended one year will exceed the contract value threshold for MFRS officers to approve, £250,000, and therefore the option to take up the one year extension requires Members approval.

Risk Management, Health & Safety, and Environmental Implications

19. Given the influence of COVID19 on team availability the time period to engage in a new contract for the services of specialist team building would impact on the current new recruit timeframe and workforce strategy and those employees seeking further leadership development in their career development. This can create a risk to the organisation in having recruits receiving different levels of training and the work undertaking during this service embeds the values of the organisations within the employees prior to them starting their new careers within the organisation.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

20. The Programme has been specifically developed over a number of years to align with the Services values and expectations in order to ensure our people are the best they can be.

BACKGROUND PAPERS

GLOSSARY OF TERMS

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